



EXHIBIT
"A"

City of Round Rock, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2019

ELECTED OFFICIALS

Craig Morgan, Mayor
Writ Baese, Mayor Pro Tem
Tammy Young, Council Member
Rene Flores, Council Member
Matthew Baker, Council Member
Will Peckham, Council Member
Hilda Montgomery, Council Member

MANAGEMENT STAFF

Laurie Hadley
City Manager
Bryan Williams
Assistant City Manager
Brooks Bennett
Assistant City Manager

OFFICIAL ISSUING REPORT

Susan L. Morgan, CPA
Chief Financial Officer



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INTRODUCTORY SECTION



ROUND ROCK TEXAS



February 3, 2020

Honorable Mayor and Members of the City Council
City of Round Rock, Texas

The Comprehensive Annual Financial Report of the City of Round Rock, Texas for the fiscal year ended September 30, 2019, is submitted herewith. This report has been prepared by the City's Finance Department and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material aspects and is presented in a manner designed to clearly state the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

The City Charter requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants selected by the City Council.

Whitley Penn, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Round Rock's financial statements for the year ended September 30, 2019. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) can be found immediately following the report of the independent auditors. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

City of Round Rock Profile

The City of Round Rock, established in 1851, is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government with six council members and a mayor. The City Manager is appointed by the City Council and is responsible to them for managing and administering all City affairs.

The Chief Financial Officer is appointed by the City Manager and is responsible for supervising the operations of the Finance Department. This department maintains all accounting records of the City.

The financial reporting entity (the government) includes all the funds of the primary government (the City of Round Rock as legally defined) as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services which include police and fire protection, parks and library, construction and maintenance of infrastructure, planning and community development, convention and tourism activities, and general administrative services. In addition, the City owns and operates a water, sewer and drainage utility system and a golf course. These activities are included in the accompanying financial statements.

Blended component units, although legally separate entities, are in substance part of the primary government's operations and included as part of the primary government. Accordingly, Round Rock Transportation and Economic Development Corporation (RRTEDC) revenues are reported in a special revenue fund of the City.

Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and the Proprietary Funds. Capital Projects Funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements.

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available.

Significant Local Economic Events

Strategic Goals

Along with the entire Central Texas region, the City has experienced tremendous population growth over the past several years which has led to an increased demand for city services. To adequately prepare for the effect of this activity on the City, much effort goes into planning and funding infrastructure and service programs. Each January, Council reviews the City's successes and challenges and refines both the short-term and long-term strategic goals for the City. These goals set the direction for the allocation of staff and financial resources and are the basis for the development of the following year's budget.



**Financially Sound
City Providing High
Value Services**



**City Infrastructure for
Today and Tomorrow**



**Great Community
to Live**



**"The Sports Capital of
Texas" for Tourism
and Residents**



**Authentic Downtown –
Exciting Community
Destination**



**Sustainable
Neighborhoods**

Economy

Round Rock's economy is strong and vibrant. As the largest city in Williamson County and part of the Austin Metropolitan Statistical Area (MSA), Round Rock is a key part of one of the fastest growing regions in Texas and the country. From 2010 to the projected population for 2020, the City of Round Rock has experienced population growth of 19.5% over the past 10 years. Our long-range population estimates predict this increase continuing at a growth rate of around 2% per year for the foreseeable future. The state's strong economy, low unemployment rate, and low rate of overall taxation continues to draw new residents and businesses into Central Texas.

The population for 2030 is projected to be over 158,000 within the City limits and over 215,000 in Greater Round Rock, which includes the City limits and the City's extraterritorial jurisdiction (ETJ). While most of the long-range growth will likely occur in northeast Round Rock where there are still large tracts of land that could be developed into additional neighborhoods, population density will likely increase across the City as residential development continues for single family townhomes, multifamily apartments, and senior living facilities. The City is planning and preparing for this population growth to ensure the high-quality services Round Rock residents have come to expect are expanded to serve residents of today and of tomorrow.

Round Rock businesses have seen continued growth in revenues, especially in the hotel and restaurant industries as more tourists and visitors come to enjoy Round Rock's "Sports Capital of Texas" sporting events, historic downtown, and unique blend of destination shopping experiences. The City had 3,385 hotel rooms at the end of fiscal year 2019 with another 1,451 in various stages of development. Occupancy rates remain among the highest in the state at 74%. This strong industry bodes well for the hotel occupancy tax collections which support local tourism events and debt service for the Dell Diamond/Convention Center, the home of the "Round Rock Express" Triple A Baseball team and the Round Rock Sports Center, the City's 82,800-square-foot indoor sports venue which opened in January 2014. The second year of operations of the Round Rock Multipurpose Complex – a \$27 million tournament class outdoor sports complex which opened on May 18, 2017 – has contributed to the economic impact of an additional 30,000 visitors who attended a variety of regional and national tournaments and championships. Tourism is an important component of the City's overall economic development strategy.

Round Rock continues to gain recognition for the value of the high-quality services provided to our residents. Below are a few of our most recent accolades:

- Ranked number 5 by Niche.com as one of the "2018 Safest Cities in the Country"
- Ranked number 2 by Money.com as one of the "Best Places to Live in America"
- Ranked number 5 by Niche.com as one of the "Best Cities in America to Buy a House"
- Ranked number 1 by SmartAsset.com as one of the "Best Minor League Baseball Towns of 2019"
- Ranked number 4 by US News & World Report as one of the "Best Cities to Retire"
- Recognized by Apartment Therapy as "One of the Coolest Suburbs in America"

Economic Development

The City understands that diversification of Round Rock's economy is a key to financial stability. The long-standing partnership between the City and Round Rock Chamber continues to attract new development to the City. The funding is leveraged with the Chamber Momentum Fund to create a public/private partnership for economic development priorities. This partnership continues to yield new prospects through an inspired approach to economic development for Round Rock. The City will see new additions within the city limits in the next year resulting from these efforts.

Round Rock's economy has become stronger and more diverse because of a variety of business relocations bringing capital investment, job opportunities, and new residents to the City. Emerson Process Management

opened its \$70 million, 282,000-square foot international headquarters and technology center in January 2014 for its automation systems and project services businesses which help customers operate facilities in fields like oil and gas. TECO-Westinghouse is the largest manufacturer of electric motors in North America. Houghton Mifflin Harcourt (HMH) relocated its Texas regional office to Round Rock in July 2016. Their relocation brought over 270 jobs to the City and they now anchor a 100,000-square-foot Class A office building in La Frontera. ProPortion Foods LLC, a Los Angeles-based food service company relocated its office, food processing, storage, and warehouse facility to the City in 2016, bringing in at least 400 full-time jobs. Airco Mechanical, a commercial and residential heating, ventilation, and air conditioning service provider, has relocated its Central Texas headquarters to a previously vacant 47,000-square-foot building, bringing in another 400 full-time jobs.

Dell is the largest employer in Round Rock with an estimated 13,000 employees in 2019. Since Dell relocated its global headquarters to Round Rock in 1994 the economic impact to the City has been transformative. Dell remains the City's largest sales tax payer with sales tax receipts projected to continue to grow into fiscal year 2020. Because of the company's commitment to Round Rock, the employment opportunities they offer, and the property tax and sales tax revenues they generate, Dell remains a major driver to the City's economy. The City was excited to join with Dell in 2019 in celebrating the 25th anniversary of making Round Rock their home.

United Parcel Service (UPS) is the newest Fortune 500 company to expand in Round Rock with a new regional distribution center that provides additional operating capacity for the Austin area. The \$70 million facility opened in November 2018 in time for the holiday shipping season. The 225,000-square-foot facility is located on fifty acres of land near SH 45 and A.W. Grimes Boulevard and employs more than 300 people with an annual salary of at least \$50,000.

Over the next five years new economic development projects will reshape Round Rock's economy by diversifying the economy and bringing in new residents and visitors. The City entered into an agreement with Mark IV Capital for The District on February 14, 2019. The planned \$200 million project will be a live, work, and play community located near the intersection of IH 35 and Texas 45. Initial plans for the development include 1 million square feet of office space, approximately 900 multifamily residential units, a hotel, a high-end grocery store, and retail/restaurant space. This mixed-use development will be a great opportunity for continued growth and diversification of the City's economy.

Another potential economic development project is planned for the downtown block where the City's iconic water tower sits. Pearlstone Holdings has expressed intent to redevelop that block that could include 76,000-square-feet of Class A office space, 9,600-square-feet of retail space, a hotel, and a 372-space parking garage.

A new Embassy Suites Hotel and Conference Center is being built for \$20 million on about 6 acres of land near the Bass Pro Shops and Round Rock Premium Outlets. The project will bring a 160-room hotel with at least 14,000-square-feet of convention and meeting space and will generate at least 60 jobs. The hotel and conference center are anticipated to open in 2021.

Kalahari Resorts selected Round Rock as the location of its fourth family resort and convention center. The authentically African-themed Kalahari Resorts and Convention Center will feature a minimum of 975 well-appointed guest rooms, full-service amenities, fully equipped fitness centers, on-site restaurants, unique retail shops, a state-of-the-art 125,000-square foot conference center, and a 200,000-square-foot indoor/outdoor water park. This opens new opportunities for Round Rock and will provide substantial property tax revenues and diversify the local economy and available employment opportunities. The project broke ground on May 15, 2018 and will open in November 2020. Its 352-acre site and proximity to Old Settlers Park and the Dell Diamond – two well-established venues that draw more than a million visitors annually – bodes well for a successful, tourism-oriented development.

The local retail market place continues to increase along with population growth. The major destination retail hubs provide continued expansion and broaden Round Rock's economy. The Round Rock Premium Outlets' 430,000-square foot outlet mall and the nearby Round Rock IKEA, serves as a destination for shoppers from Central Texas and beyond. Round Rock Premium Outlets, IKEA, and similar destination-based retail stores like Bass Pro Shops which opened in 2015 were intentionally targeted by the City's economic development program to locate in Round Rock. These stores generate sales tax revenues for the City, bring in shoppers to the area which benefits neighboring retail and restaurants, and place a relatively low demand on City services such as police, fire, and parks and recreation. While traditional brick and mortar retail continues to see declines, destination shopping, both in Round Rock and across the nation, continues to bring in shoppers.

Round Rock continues to see growth in the medical industry. The City is home to several hospitals offering comprehensive world-class healthcare services. Post-Acute Medical Rehabilitation Hospital opened on December 17, 2018 at the intersection of Medical Center Way and North A.W. Grimes Boulevard. This 48,000-square foot, 40-bed facility is the City's sixth hospital and is designed to treat patients who have suffered traumatic brain injuries and strokes.

Baylor Scott & White recently opened a new 39,000-square-foot cancer center on University Boulevard. The facility provides services for radiation oncology, medical oncology, surgical oncology, and hematology. This is the first cancer center in all of Williamson County and further expands the diversity and quality of healthcare services offered in the City's medical corridor.

Round Rock also has several higher education facilities, many of which focus on healthcare disciplines. These institutions of higher learning include Texas State University, Austin Community College, and the Texas A&M Health Science Center. Texas State University opened its newest building – Willow Hall – on May 24, 2018. This new \$67.5 million, 107,000-square-foot facility is home to the university's departments of communication disorders, physical therapy, and respiratory care which all moved from the university's San Marcos campus as the university continues to consolidate the College of Health Professionals in Round Rock.

Austin Community College celebrated the opening of a \$33 million, 45,000 square foot expansion of its Round Rock campus on September 26, 2018. The new expansion features the college's third state-of-the-art ACCelerator with more than 140 computers, advanced science labs, classrooms, and a social staircase where students can gather to relax or study. The new expansion made room for the enrollment of an additional 1,000 students.

Relevant Financial Policies

Accounting System and Controls

The General Fund Reserve Policy remains at 25% of operating expenditures. The City completed transitioning into this reserve in fiscal year 2019, a shift that began in fiscal year 2018. The City's Concentration Risk Fund, a separate account to provide additional surety on the City's highest sales tax remitters, remains in place. Working capital in the Water/Wastewater Utility Fund is maintained at 33% of operating expenditures. Balances in excess of the above levels are earmarked for future uses or reduced to the target levels over an appropriate length of time.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Long-Term Financial Planning

The City uses a 5-year planning model for the General Fund which projects revenues and expenditures over a long-term period using assumptions about economic conditions and future spending scenarios. This model is developed internally and focuses on the anticipated future funding necessary to meet the City's strategic goals.

The model takes a comprehensive approach to evaluating the long-term needs for property tax rates and other revenues to provide for the maintenance and operations of the General Fund. The City's General Fund relies heavily on sales tax as a revenue source. The sales tax is a less stable revenue source than the property tax but provides the taxpayers with more discretion and a lower property tax rate. Because of this revenue makeup, the City estimates sales tax revenues conservatively and introduces new programs somewhat more cautiously until projected revenue levels are attained. The City is also more attentive to the health of its economy because of the reliance upon commerce to produce the sales tax.

The City's economy is expected to generate approximately \$74.4 million in sales tax revenue for fiscal year 2020, net of sales tax rebates paid to Dell, Sears and Bass Pro Shops in accordance with economic development agreements in effect. This amount includes the 1/2% or \$19.9 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$54.5 million for general operations, property tax reduction and capital projects.

Dell continues to be a key driver for both the Round Rock and Central Texas region. To ensure good overall financial stability for the City, a concentration risk account has been established to mitigate the City's annual net exposure to declining sales tax from any single sales taxpayer that represents more than 5% of the City's net General Fund revenues. For fiscal year 2019, the City Council adopted new financial policies to create balanced and reliable ongoing revenues by limiting Dell sales tax revenues in the General Fund to not exceed 20% of budgeted sales tax revenues. Any revenues received above this limit will be transferred to cash fund one-time capital projects.

The City sets utility rates based on the cost of service, establishing an equitable rate structure for total cost recovery. The utility rate model was last updated during 2017. A scheduled 3 percent increase in water rates that was set to take effect October 1, 2019 has been rescinded by the City Council due to cost savings in that department. The Utility Fund has saved money by reducing its power costs, improving operations, and lowering interest payments by refinancing its debt. The City's wastewater rates are not increasing since the model shows that the future needs of the wastewater program are adequately funded within current revenues, impact fees, and other development contributions.

The City planned ahead to ensure its utility system will serve the future citizens of Round Rock. With multiple contracts in place with the Brazos River Authority, the City has secured its water supply through expected buildout in 2050. Water from Lake Georgetown and Stillhouse Hollow Lake in the Brazos River Basin provide water to the City's current 52 million gallons per day (MGD) water treatment plant. The City also secured water from Lake Travis in the Lower Colorado River Basin. In order to treat water from Lake Travis, the City partnered with the Cities of Cedar Park and Leander to form the Brushy Creek Regional Utility Authority (BCRUA). The BCRUA system will ultimately pump and treat 105.6 MGD which meets all three Cities' supply needs through buildout. In 2009, in order to provide the most cost effective wastewater services, the City partnered with the Cities of Cedar Park and Austin to purchase the Brushy Creek Regional Wastewater System (BCRWWS). The system is currently undergoing improvements to increase capacity to collect and treat up to 30 MGD of wastewater. The City's portion will be approximately 20.1 MGD and will serve Round

Rock through 2035. The City assumed operational control of the BCRWWS effective October 1, 2018. This will increase efficiencies with no net cost increase.

In December 2017, the City's Utility System and BCRUA both received an upgraded rating to AAA, the highest rating of creditworthiness, from Standard and Poor's (S&P). This raised rating reflects the stability of the City's utility system. S&P also noted that the system had good financial management policies and practices. In October 2018, the City's General Obligation bonds also received an upgraded rating to AAA. Round Rock is one of only eight cities in Texas with AAA ratings for both General Obligation (GO) and Utility debt. The upgrade "reflect[ed] Round Rock's very strong economy and maintenance of a strong financial position ... (and) very strong management, with strong financial policies and practices", according to S&P.

Prospects for the Future

As we look to the future, there are several key initiatives in process now that will shape the development of Round Rock for the next decade. The City is leveraging available resources to attract industries from across the globe to strengthen its property tax and sales tax bases. Significant investment in the medical industry including several state-of-the-art medical facility expansions, combined with the impact of multiple higher education centers, will provide community development and unlimited opportunities. Not only will these initiatives shape the physical development of the City, but they will also influence the knowledge base and creativity found in the community.

An updated comprehensive plan for 2030 currently under development will also provide strategies and guidance for shaping Round Rock's future. With the City's natural commercial attractiveness, a strong economic development plan and a strengthening economy, projections for the future remain positive.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Round Rock, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the *thirty-third consecutive year* that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Round Rock also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2018. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

Additionally, the GFOA awarded the City a Certificate of Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2018. This award recognizes the City's ability to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.


The City's investment policy was awarded the Certificate of Distinction by the Government Treasurers' Organization of Texas (GTOT) in January 2020. This is the second consecutive period the City has received

this distinction. This certification recognizes the investment policy for meeting strict criteria in safeguarding the City's investments and is good for a two-year period.

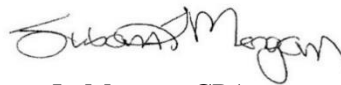
The City of Round Rock has earned four Transparency Stars from the Texas Comptroller's Office recognizing the City's efforts to make information on the City's traditional finances, debt obligations, public pensions, and economic development transparent and readily available. During fiscal year 2020, the City will continue to increase the level of transparency and will apply for the last remaining star: Contracts and Procurement.

The presentation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its presentation. Acknowledgement is also given to Whitley Penn, L.L.P. for their valuable assistance in production of the report. We would also like to thank the Mayor and Council members for their commitment in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Laurie Hadley
City Manager



Susan L. Morgan, CPA
Chief Financial Officer





CITY OF ROUND ROCK, TEXAS

CITY ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Round Rock
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO



An aerial photograph of a baseball stadium during sunset. The sky is filled with dramatic, orange and blue clouds. The stadium is packed with spectators, and the field is brightly lit. Large parking lots are filled with cars, and the surrounding area includes green fields and trees.

FINANCIAL SECTION

ROUND ROCK TEXAS



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of City Council
City of Round Rock, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of City Council
City of Round Rock, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position, the respective budgetary comparison statements for the General Fund and the Round Rock Transportation and Economic Development Corporation Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 21 through 36 and pension and other post-employment benefit information on pages 112 through 115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB"); Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual fund statements and schedules and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and
Members of City Council
City of Round Rock, Texas

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2020, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Austin, Texas
February 3, 2020



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

The discussion and analysis of the City of Round Rock's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2019. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Round Rock exceeded its liabilities and deferred inflows of resources at September 30, 2019 by \$928,614,321 (*net position*). Of this amount, \$684,336,277 (73.7%) is invested in capital assets. Net position restricted for specific purposes total \$68,678,009 (7.4%). The remaining amount, \$175,600,035 (18.9%) (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City of Round Rock's total net position increased by \$48,587,878. The increase can be attributed to \$34.5 million of operating and capital grants and contributions from both governmental and business-type activities for infrastructure and developer contributions, as well as increases in property and sales taxes and investment and other revenues.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$168,200,834, an increase of \$13,561,404 in comparison to the prior year. The increase is due in part to the issuance of bonds, which is offset by an increase in Round Rock Transportation Economic Development Corporation (RRTEDC) capital projects and the General Fund's budgeted transfer of \$12.5 million to General Self-Finance Construction fund. *Unassigned fund balance* of \$49,498,684, or 29.4% of the total fund balance is *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$49,498,684, or 46.1% of the total General Fund expenditures. The General Fund's total fund balance, \$49,724,874, is 21.3% more than the fund balance policy requirement of 25% of expenditures.
- The City of Round Rock's total debt increased by \$35,855,000 during the current fiscal year. The change can be attributed to the issuance of general obligation refunding bonds, certificates of obligation bonds and taxable sales tax revenue bonds, along with the offset of regularly scheduled debt principal retirements as more fully described in Note IV (F) to the financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Round Rock's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Round Rock's finances, in a manner similar to a private-sector business.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Government-wide Financial Statements (Continued)

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Round Rock is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., unavailable tax revenues and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Round Rock that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works and culture and recreation. The business-type activities of the City of Round Rock include water, sewer and drainage utility and a golf course.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Round Rock, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Round Rock maintains 11 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, the Round Rock Transportation and Economic Development Corporation (RRTEDC) Fund, the Debt-Financed Capital Projects Fund, and the Self-Financed Construction Fund, all of which are considered to be major funds. Data from the other six (6) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Fund Financial Statements (Continued)

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

Proprietary funds

The City of Round Rock maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and drainage utility and for its golf course.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance program and funding of its other post-employment benefits (OPEB) liability as of September 30, 2019. The net income (loss) of the Internal Service Fund is allocated between governmental and business-type activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and drainage utility and for the golf course. The water, sewer and drainage utility is considered a major fund of the City. Since the Golf Course Fund is the only remaining enterprise fund, it is presented separately even though it does not meet the criteria of a major fund in GASB Statement No. 34. The Internal Service Fund is a single presentation in the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund schedules are presented immediately following the notes to the financial statements.

Additional information on capital assets used in the operation of governmental funds is provided following the individual fund schedules.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found beginning on page 112 of this report.

Government-wide Financial Analysis

Net position is a useful indicator of a government's financial position. For the City of Round Rock, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$928,614,321 as of September 30, 2019.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Government-wide Financial Analysis (Continued)

The largest portion of the City's net position, \$684,336,277 (73.7%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position \$68,678,009 (7.4%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance is unrestricted net position of \$175,600,035, which may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2019, and 2018, the City was able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

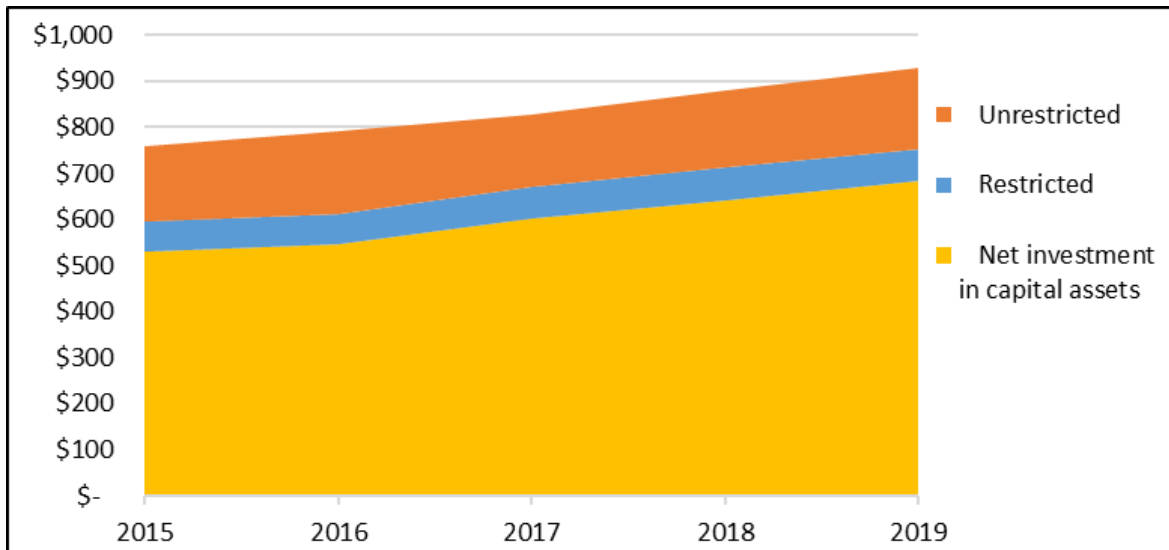
Net Position (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 203,560	\$ 181,885	\$ 189,903	\$ 178,282	\$ 393,463	\$ 360,167
Capital assets	634,368	576,557	356,517	342,288	990,885	918,845
Total assets	837,928	758,442	546,420	520,570	1,384,348	1,279,012
Deferred outflows of resources	23,893	13,951	7,146	5,891	31,039	19,842
Long term liabilities	324,713	263,051	84,651	85,424	409,364	348,475
Other liabilities	62,049	53,076	13,864	10,100	75,913	63,176
Total liabilities	386,762	316,127	98,515	95,524	485,277	411,651
Deferred inflows of resources	1,316	6,316	179	861	1,495	7,177
Net position:						
Net investment in capital assets	400,490	373,007	283,846	268,467	684,336	641,474
Restricted	44,334	48,357	24,344	22,629	68,678	70,986
Unrestricted	28,919	28,586	146,681	138,980	175,600	167,566
Total net position	\$ 473,743	\$ 449,950	\$ 454,871	\$ 430,076	\$ 928,614	\$ 880,026

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Government-wide Financial Analysis (Continued)

**Total Net Position
Governmental & Business-Type Activities
(in millions)**



Analysis of Changes in Net Position

The table on the following page summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2019, with comparisons to the previous year.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Analysis of Changes in Net Position (Continued)

	Changes in Net Position (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 12,485	\$ 10,218	\$ 58,924	\$ 55,439	\$ 71,409	\$ 65,657
Operating grants and contributions	2,987	2,574	-	-	2,987	2,574
Capital grants and contributions	9,915	18,206	21,584	30,496	31,499	48,702
General revenues:						
Property taxes	57,397	54,082	-	-	57,397	54,082
Franchise taxes	7,407	7,141	-	-	7,407	7,141
Sales tax	75,691	72,862	-	-	75,691	72,862
Hotel occupancy tax	6,000	5,714	-	-	6,000	5,714
Public service taxes	698	647	-	-	698	647
Investment earnings and other	12,181	9,024	4,773	3,131	16,954	12,155
Total revenues	<u>184,761</u>	<u>180,468</u>	<u>85,281</u>	<u>89,066</u>	<u>270,042</u>	<u>269,534</u>
Expenses:						
General government	26,894	23,409	-	-	26,894	23,409
Public safety	64,196	57,988	-	-	64,196	57,988
Public works	36,262	47,121	-	-	36,262	47,121
Culture and recreation	27,821	25,218	-	-	27,821	25,218
Interest on long-term debt	8,526	8,415	-	-	8,526	8,415
Issuance costs	967	-	-	-	967	-
Water and sewer utility	-	-	54,388	51,750	54,388	51,750
Golf course	-	-	2,400	1,642	2,400	1,642
Total expenses	<u>164,666</u>	<u>162,151</u>	<u>56,788</u>	<u>53,392</u>	<u>221,454</u>	<u>215,543</u>
Increases in net position before						
Transfers	20,095	18,317	28,493	35,674	48,588	53,991
Transfers	3,698	(2,962)	(3,698)	2,962	-	-
Increase in net position	<u>23,793</u>	<u>15,355</u>	<u>24,795</u>	<u>38,636</u>	<u>48,588</u>	<u>53,991</u>
Net position – beginning	449,950	434,595	430,076	391,440	880,026	826,035
Net position - ending	<u>\$ 473,743</u>	<u>\$ 449,950</u>	<u>\$ 454,871</u>	<u>\$ 430,076</u>	<u>\$ 928,614</u>	<u>\$ 880,026</u>

Governmental Activities

During the current fiscal year, governmental activities increased the City's net position by \$23,792,477 or 49.0% of the total increase in the net position of the City over the prior year. Key factors for the increase are as follows:

REVENUES

- Amounts received for property taxes increased from last year by 6.1% due primarily to an increase in taxable assessed value from \$12.5 billion for fiscal year 2018 to \$13.6 billion for fiscal year 2019. The fiscal year 2019 tax rate of \$0.42000 is 3.4% above the effective tax rate, \$0.406240. Property tax makes up 36.0% of total general revenues.
- Sales tax collections of \$75.7 million increased 3.9%, compared to prior year. Dell, the City's largest sales tax payer, had fiscal year 2019 sales tax revenues 10.5% higher than collections in the

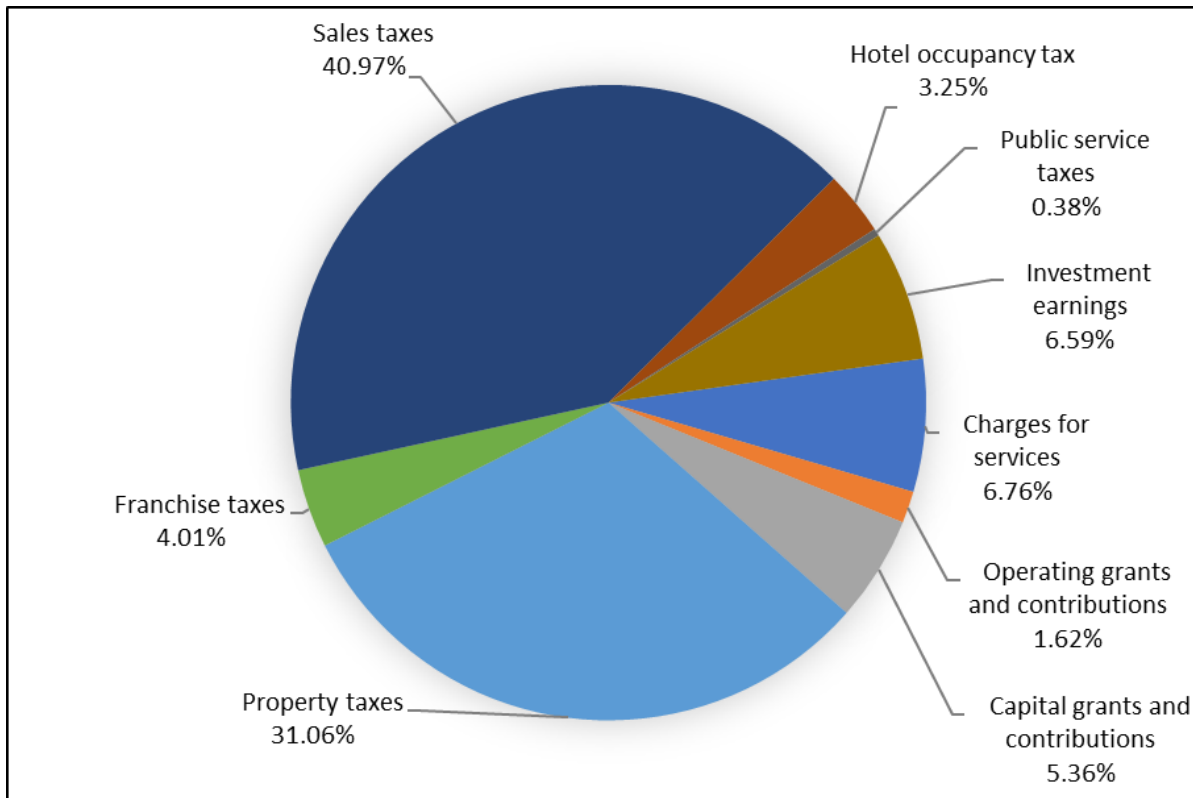
**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Governmental Activities (Continued)

prior year. This growth combined with strong underlying growth in other City businesses led to the increase in sales tax collections.

- Charges for services increased by \$2.3 million due to an increase in the rate for garbage collection and increased recreation revenues resulting from higher participation.
- Hotel occupancy tax revenues increased 5.0% or \$286,000. This is a result of new rooms and higher average room rates for area hotel/motels. The occupancy rate increased from 77.8% in 2018 to 79.2% in 2019. The statewide occupancy rate was 67.2% in 2019.
- Grants and contribution revenues decreased \$7.9 million over the prior year. This decrease is due largely to the amount of capital grants and contributions received in fiscal year 2018, primarily related to the RM620 roadway improvements project. A set percentage of costs incurred by the City on this project are reimbursable from the Texas Department of Transportation. Grants and contribution revenues can vary year to year depending on current development within the City.

Revenues by Type – Governmental Activities



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

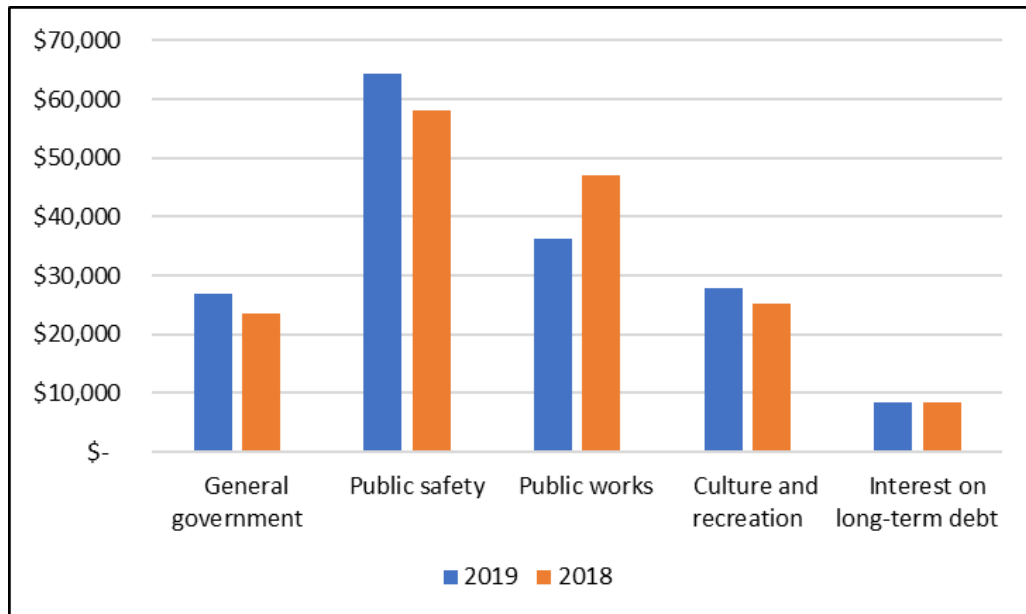
Governmental Activities (Continued)

EXPENSES

Expenses for governmental activities for the City totaled \$164,666,057 for the year ended September 30, 2019. Significant factors are listed on the next page.

- General government costs increased \$3.5 million from \$23.4 million in 2018 to \$26.9 million in 2019, or 14.9%. This increase is primarily a result of the change in the net pension liability from 2018 to 2019. The increase in the liability resulted in an increase in pension expense over prior year.
- Public safety program costs including police and fire department activities totaled about \$64.2 million, or 39.0% of total expenses for governmental activities. This is an increase of 10.7% over the prior year. This increase is due primarily due to personnel costs which included contractual salary increases for all sworn fire and police officers and the addition of three firefighters and two police officers for fiscal year 2019.
- Public works program costs decreased \$10.9 million, or 23.0%, compared to prior year. This decrease is primarily related to the RM620 roadway improvements project as several large property and easement acquisitions occurred during the prior fiscal year that were expensed because they were paid for by the City and belong to the Texas Department of Transportation.
- Culture and recreation increased \$2.6 million from \$25.2 million in 2018 to \$27.8 million, or 10.3%, in 2019. This increase is due in part to increases in staffing and operating costs for hosting more tournaments and events at the Multipurpose Complex and the Sports Center.

**Expenses – Governmental Activities
(in thousands)**



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Business-Type Activities

Business-type activities increased the City's net position by \$24,795,401 or 51.0% of the total growth in the net position of the City over the prior year. Much of this increase was due to \$21.6 million in capital grants and contributions. Additionally, charges for services are up \$3.5 million. Key factors for the increase are as follows:

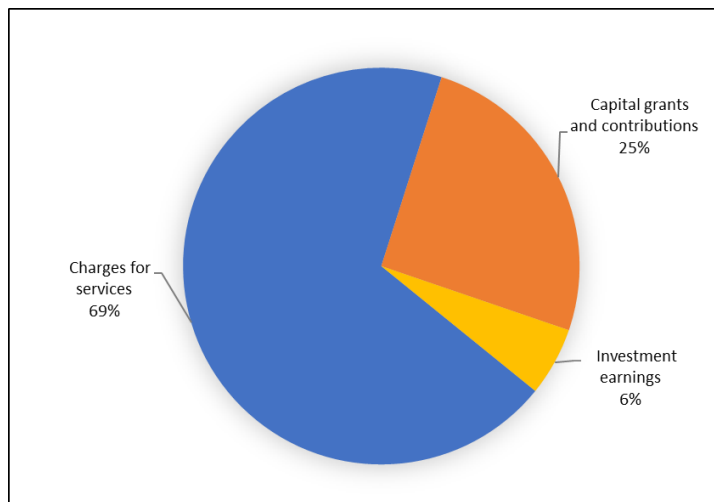
REVENUES

- The City's water, sewer and drainage utility continues to show increases in the number of customers and operating revenues. Scheduled uses of impact fees received have allowed current rates to remain stable while still providing adequate times coverage of utility bonded debt service. Comparative data for the past two fiscal years is presented as follows:

	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 56,801,942	\$ 54,941,755
Operating income	\$ 5,270,827	\$ 6,004,652
Income available for debt service	\$ 31,414,111	\$ 26,456,849
Annual debt service	\$ 6,102,631	\$ 5,444,927
Coverage	5.15	4.86

- The City sets utility rates based on the cost of service. This model establishes an equitable rate structure for total cost recovery. A 3.0% water rate increase went into effect on October 1, 2018. This rate increase is the second year of a planned implementation stemming from the City's water and wastewater rate model. With future development demands anticipated for the water system these rate increases are needed to fund capital improvement programs, an increase in system demands, and operating pressures. Based on the rate model, no wastewater increases are anticipated for the next several years. Even with the rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

Revenues – Business-Type Activities



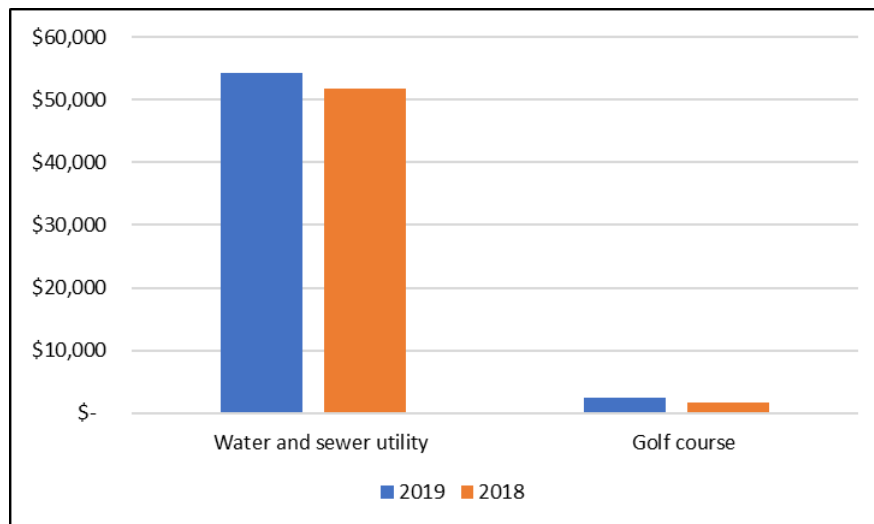
**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Business-Type Activities (Continued)

EXPENSES

- Expenses of the business-type activities increased \$3.4 million from prior year due to taking over management of the wastewater treatment plant, as well as depreciation. The expenses of the Golf Course Fund increased due to a full year of operations after being closed for a major renovation the majority of fiscal year 2018.

**Expenses – Business-Type Activities
(in thousands)**



Financial Analysis of the Government's Funds

As noted earlier, the City of Round Rock uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

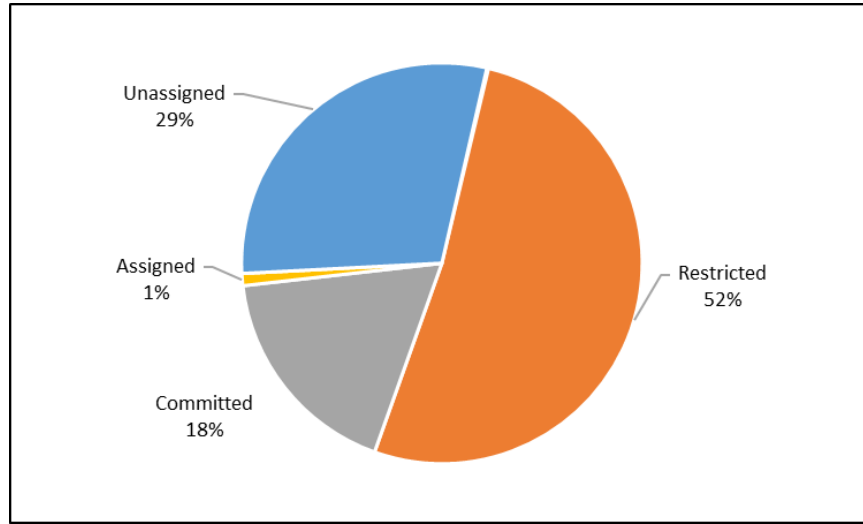
For the fiscal year ended September 30, 2019, the City's governmental funds reported combined ending fund balances of \$168,200,834. This is an increase of \$13.6 million, or 8.8% over the prior year. Approximately 29.4% of the total fund balance amount, or \$49,498,684, constitutes unassigned fund balance and is available for spending at the City's discretion. \$1,638,534 is assigned to culture and recreation while \$29,855,142 of the fund balance is committed to either capital projects or special revenue projects/programs. The remainder of fund balance is restricted or non-spendable to indicate that it is not available for new spending because it

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Governmental Funds (Continued)

has already been committed to 1) pay debt service of \$5,019,375, 2) fund authorized construction of \$72,690,649, 3) other restricted purposes of \$9,272,260 or 4) non-spendable of \$226,190.

Fund Balance Type – Governmental Funds



The General Fund is the chief operating fund of the City. At the close of the current fiscal year, fund balance of the General Fund reached \$49,724,874, of which \$49,498,684 was unassigned. To measure the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represented 46.1% of total general fund expenditures.

During the current fiscal year, the fund balance of the General Fund decreased by \$4,087,638 largely due to a larger, budgeted transfer to General Self-Financed Construction fund for capital projects compared to fiscal year 2018. The General Fund total revenues exceeded the budget by \$5,555,570. The City continues to budget revenues conservatively but with the continued population growth and increase in property values, the property taxes and sales tax revenues continue to surpass budgeted projections.

The Debt Service Fund had a total fund balance of \$5,019,375 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$165,858. Debt service expenditure requirements increased by \$2,838,423 during the fiscal year and were adequately funded by the debt service portion of the property tax rate.

The fund balance of the RRTEDC Fund was \$29,705,688, a decrease of \$3,842,800 compared to the prior year. The decrease is a result of higher costs incurred for transportation projects, compared to the prior year. Offsite improvements on US Highway 79 to support the Kalahari Resort were well underway during 2019 with \$4.2 million spent in 2019. This was the primary cause of the decrease.

The fund balance of the Debt-Financed Capital Projects Fund was \$41,247,071, an increase of \$13,195,124 compared to the prior year. This is a result of the issuance of certificates of obligation bonds both for Phase I of the Luther Peterson Service Center and for road improvement and expansion projects.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Governmental Funds (Continued)

The fund balance of the Self-Financed Construction Fund was \$25,233,506, an increase of \$4,348,022 compared to the prior year. The increase is a result of increased investment earnings and sales tax revenues. Per the City's financial policies, if Dell's sales tax receipts, net of rebate, exceed 20% of budgeted sales tax revenues in the General Fund, any excess funds will be deposited into the self-financed construction fund for pay-as-you-go, one-time capital expenditures or projects.

Enterprise Funds

The City's enterprise fund statements provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, total net position of the enterprise funds totaled \$453,793,302, an increase of \$24,645,412 over the prior year. Unrestricted net position of the funds totaled \$145,603,280 at September 30, 2019. The unrestricted net position represented 32.1% of the enterprise funds' total net position.

The Water and Sewer Fund's net position increased \$24,996,444 over the prior year due in part to infrastructure and impact fee contributions and investment income. Operating revenues totaled \$56,801,942, compared to \$54,941,755 in the prior year. Operating expenses were \$51,531,115, an increase of \$2,594,012 over the prior year, the result of bringing wastewater management in-house, as well as a full year of depreciation on assets added during 2018.

The Golf Course Fund ended the year with a net position of \$9,992,832. Operating revenues totaled \$1,971,887 for the year compared to \$299,761 in the prior year. Operating expenses were \$2,399,582, which is \$757,546 higher than the previous year. This is a result of a full year's operation. The golf course re-opened October 2018 after being closed for nine (9) months for a major renovation.

General Fund Budgetary Highlights

One budget amendment was taken to City Council for the General Fund for the year ended September 30, 2019. The budget amendment added 2.25 full time equivalents (FTEs) to the General Fund to help meet immediate staffing needs. The positions added include a new Staff Engineer/Project Manager position in Transportation to help support the new road projects planned for the near future, increasing two civilian Law Enforcement Technician positions in the Police Department from 0.50 FTE to 0.75 FTE, increasing a part-time Volunteer Coordinator position in the Police Department from part-time to full-time, and increasing a part-time Library Associate position by 0.25 FTE. The budget amendment also added budget for revenues and associated expenses related to an opioid treatment grant obtained by the fire department.

Capital Assets and Debt Administration

Capital Assets

The City of Round Rock's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounted to \$990,885,500 (net of accumulated depreciation). This investment includes land, buildings and improvements, improvements other than buildings (including infrastructure), machinery and equipment, and construction in progress.

Major capital asset events during the year ended September 30, 2019, included the following:

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Capital Assets (Continued)

- Construction is underway on the Kalahari family resort, water park and convention center with \$27.4 million spent to date on the convention center. Construction is underway for roadway improvements near Kalahari with \$5.3 million spent to date.
- Projects in process and completed that were funded by the 2014 & 2017 General Obligation (GO) bonds are as follows:
 - Construction on the Adult Recreation Complex is near completion with \$3.9 million spent to date.
 - Expansion of citywide trails began at an estimated cost of \$18.9 million with \$5.1 million spent to date.
 - Neighborhood park improvements, upgrades to comply with the American with Disabilities Act (ADA), and facility improvements are underway with total cost estimated at \$4.9 million and \$3.2 million spent to date. Of this \$3.2 million, \$3.1 million of improvements and upgrades are complete.
 - Design is underway and land has been acquired for the new library with \$5.4 million spent in fiscal year 2019.
 - Construction is on going on the new Fire Station #3 with \$1.9 million spent to date and an estimated cost of \$6.4 million.
- Construction was completed on the Clay Madsen Recreation Center Soccer Fields at a total cost of \$1.1 million.
- Installation of new stadium seats at Dell Diamond was completed at a cost of \$1.2 million.
- Downtown improvement projects are in process and at various stages of completion. Completed projects totaled \$4.2 million while construction in progress at year-end approximated \$428,000.
- Major arterial, signal, and road projects for transportation are underway and at various stages of completion. Completed projects totaled \$14.2 million while construction in progress at year-end approximated \$10.6 million.
- City facility improvements were completed at a cost of \$983,000 and information technology infrastructure upgrades were completed at a cost of \$985,000.
- Various neighborhood street improvement projects were completed at a cost of \$8.6 million.
- Construction was substantially completed on the Luther Peterson Service Center Phase 1 for a cost of \$16.2 million. This project consolidated the Utility and Environmental Services and Transportation Departments.
- Land on West Liberty Avenue and North Mays Street was purchased for the future Water Tower Park Project at a cost of \$3.2 million. The proposed use for this land is a mixed-use development including office space, retail space, parking and a hotel.
- Land at the intersection of North Red Bud Lane and East Old Settlers Boulevard was purchased for future parkland and transportation projects at a cost of \$3.0 million.
- Developers contributed infrastructure improvements for governmental activities of \$3.9 million for transportation improvements and \$10.4 million for water, sewer and drainage system infrastructure improvements.
- Construction is underway for various water pump station improvements throughout the City with \$3.6 million spent to date.
- Various water and wastewater line improvement projects were completed and placed in service at a cost of \$7.6 million and similar projects were in progress costing \$5.2 million to date.
- Various drainage improvement projects are in process with \$4.2 million spent to date.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Capital Assets (Continued)

- The City has partnered with the Cities of Cedar Park, Austin and Leander on the Brushy Creek Regional Wastewater Treatment Plant Expansion project. Design is underway for which the City has spent \$1.4 million to date.

	Capital Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 103,983	\$ 87,134	\$ 8,453	\$ 8,453	\$ 112,436	\$ 95,587
Buildings and improvements	184,555	174,940	31,099	22,456	215,654	197,396
Improvements other than buildings	692,573	682,320	496,572	481,442	1,189,145	1,163,762
Machinery and equipment	85,440	86,966	22,996	22,038	108,436	109,004
Accumulated depreciation	(489,937)	(480,366)	(218,920)	(205,115)	(708,857)	(685,481)
Construction in progress	57,755	25,562	16,317	13,015	74,072	38,577
Total	<u>\$ 634,369</u>	<u>\$ 576,556</u>	<u>\$ 356,517</u>	<u>\$ 342,289</u>	<u>\$ 990,886</u>	<u>\$ 918,845</u>

Additional information on the City of Round Rock's capital assets can be found in Note IV (E) to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$325,605,000. Of this amount, \$210,275,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured solely by specified revenue sources (i.e., revenue bonds).

During the current fiscal year, the City of Round Rock's total debt increased by \$35,855,000. Regularly scheduled debt principal was retired during 2019. The City issued series 2019 general obligation refunding bonds, which resulted in reduced debt service payments of \$1.2 million and an economic gain of \$1.1 million. Additionally, the City issued combination tax and limited revenue certificates of obligation, series 2018 for \$6,915,000 and series 2019 for \$27,250,000 and \$21,310,000 senior lien sales tax revenue bonds, taxable series 2019. Details of the refunding and new bond issues can be found in Note IV (F) (4) to the financial statements.

	Long-Term Debt (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 151,405	\$ 162,820	\$ -	\$ -	\$ 151,405	\$ 162,820
Certificates of obligation	58,870	25,520	-	-	58,870	25,520
Hotel tax revenue bonds	10,425	11,055	-	-	10,425	11,055
Sales tax revenue bonds	31,535	13,925	-	-	31,535	13,925
Water and wastewater revenue bonds	-	-	73,370	76,430	73,370	76,430
Total	<u>\$ 252,235</u>	<u>\$ 213,320</u>	<u>\$ 73,370</u>	<u>\$ 76,430</u>	<u>\$ 325,605</u>	<u>\$ 289,750</u>

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Long-Term Debt (Continued)

The City of Round Rock benefits substantially in reduced interest costs resulting from the bond rating by Standard & Poor's of AAA for both General Obligation and the Utility Revenue bonds.

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by the voters, that limits the maximum tax rate, for all City purposes to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of up to \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. The revenues from this maximum tax rate would be sufficient to cover the debt service on over \$2.3 billion of bonds. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.12187, or 8.1%. Of \$57,296,592 levied in property taxes for the fiscal year ended September 30, 2019, 99.67% of taxes levied were collected during the fiscal year. The City is conservative in how it issues debt and has adopted a "pay as you go" philosophy by using excess cash funds to fund current projects and issuing debt only when deemed necessary.

Additional information on the City's long-term debt can be found in Note IV (F) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The development of the City's budget is guided by several factors including the Council's Strategic Goals, prevailing economic conditions and the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2019-2020 budget adopted by the City Council adheres to the City's financial policies and preserves the City's strong financial position while providing excellent levels of service. During the creation of the 2019-2020 budget process the City Manager and Executive team focused on various budget drivers in the decision-making process.

- Addressing Council's Strategic Goals
- Meeting the demands of growth with additions to maintain service levels
- Biennial citizen survey results
- Debt payments for new programs
- Competitive employee compensation and benefits
- Maintenance of parks, facilities, and streets
- Compliance with financial policies

Revenue assumptions in general for fiscal year 2019-2020 are expected to follow the growth curve of job creation, population growth, retail sales activity, and housing starts.

The City's economy is expected to generate approximately \$74.4 million in sales tax revenue for fiscal year 2020. This amount includes the 1/2% or \$19.9 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$54.5 million for general operations, property tax reduction, and capital projects.

The fiscal year 2020 certified taxable property value for Round Rock is \$14.6 billion, an increase of 7.7% from last year's \$13.6 billion. The adopted property tax rate for fiscal year 2020 is \$0.439000 per \$100 of valuation. The tax rate is an increase of 3.7 cents over the effective rate of \$0.401615, and well below the rollback rate of \$0.441338. The 3.7 cent increase over the effective tax rate is to provide funding for rising operating costs for public safety and city services, public safety equipment, and new debt payments for the road expansion program. With an adopted rate of \$0.439000, the City continues to have one of the lowest tax rates in Central Texas and is among the lowest rates in the state for medium-sized cities.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Economic Factors and Next Year's Budgets and Rates (Continued)

The Water and Wastewater Utility operations are funded primarily through user fees. The City's utility infrastructure and service delivery systems have been carefully planned and have sufficiently met demand for a growing customer base. Water sales are conservatively estimated using customer base projections, while at the same time taking into account changing weather conditions. Water conservation and drought contingency programs continue to help the City conserve existing water sources. A scheduled 3 percent increase in water rates that was set to take effect October 1, 2019 has been rescinded by the City Council due to cost saving efforts in that department. The Utility Fund has saved money by reducing its power costs, improving operations, and lowering interest payments by refinancing its debt. The City's wastewater rates are not increasing since the model shows the future needs of the wastewater program are adequately funded within current revenues, impact fees, and other developer contributions.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, City of Round Rock, 221 East Main Street, Round Rock, Texas 78664.

BASIC FINANCIAL STATEMENTS

CITY OF ROUND ROCK, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 11,744,271	\$ 12,277,292	\$ 24,021,563
Investments	94,401,022	110,071,649	204,472,671
Receivables (net of allowance for uncollectibles)-			
Property taxes	368,517	-	368,517
Accounts & other	10,623,743	20,100,094	30,723,837
Accrued interest	321,483	1,356,535	1,678,018
Intergovernmental	-	3,457,903	3,457,903
Grants	1,899,173	-	1,899,173
Interfund	(1,078,190)	1,078,190	-
Inventories	188,514	295,455	483,969
Other current assets	125,176	449,415	574,591
Restricted assets -			
Cash and cash equivalents	23,946,182	4,278,351	28,224,533
Investments	59,186,399	21,349,555	80,535,954
Property tax receivable	208,634	-	208,634
Accounts and other	1,485,315	91,860	1,577,175
Accrued interest	139,221	75,347	214,568
Investment in joint venture	-	15,021,330	15,021,330
Capital assets -			
Land and construction in progress	161,737,829	24,770,045	186,507,874
Capital asset, net of accumulated depreciation	472,630,391	331,747,235	804,377,626
Total assets	<u>837,927,680</u>	<u>546,420,256</u>	<u>1,384,347,936</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amount on refundings	4,080,278	4,479,849	8,560,127
Deferred outflows related to pensions	18,945,891	2,547,725	21,493,616
Deferred outflows related to OPEB	867,362	118,277	985,639
Total deferred outflows of resources	<u>23,893,531</u>	<u>7,145,851</u>	<u>31,039,382</u>

The accompanying notes are an integral part of this financial statement.

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	\$ 21,679,583	\$ 7,689,028	\$ 29,368,611
Accrued payroll	1,825,071	246,706	2,071,777
Unearned revenue	11,968,755	-	11,968,755
Accrued interest payable	1,609,719	483,747	2,093,466
Customer deposits	-	1,470,799	1,470,799
Due within one year	24,965,639	3,973,350	28,938,989
Net pension liability	48,021,003	6,548,319	54,569,322
Total OPEB liability	14,527,467	1,981,019	16,508,486
Due in more than one year	<u>262,165,092</u>	<u>76,122,185</u>	<u>338,287,277</u>
Total liabilities	<u>386,762,329</u>	<u>98,515,153</u>	<u>485,277,482</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pensions	612,980	83,588	696,568
Deferred inflows related to OPEB	<u>703,073</u>	<u>95,874</u>	<u>798,947</u>
Total deferred inflows of resources	<u>1,316,053</u>	<u>179,462</u>	<u>1,495,515</u>
<u>NET POSITION</u>			
Net investment in capital assets	400,490,136	283,846,141	684,336,277
Restricted for -			
Debt service	3,618,290	200,568	3,818,858
Capital projects	31,443,578	24,143,313	55,586,891
Hotel-motel tax	6,807,382	-	6,807,382
Public safety	1,025,501	-	1,025,501
General government	1,439,377	-	1,439,377
Unrestricted	<u>28,918,565</u>	<u>146,681,470</u>	<u>175,600,035</u>
Total net position	<u>\$ 473,742,829</u>	<u>\$ 454,871,492</u>	<u>\$ 928,614,321</u>

CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 26,894,586	\$ 3,189,150	\$ 2,822,249	\$ 120,000
Public safety	64,196,001	2,298,635	11,638	25,086
Public works	36,261,500	1,347,815	-	9,269,716
Culture and recreation	27,821,410	5,649,283	153,241	500,000
Interest on long-term debt	8,525,551	-	-	-
Issuance Costs	967,009	-	-	-
Total governmental activities	164,666,057	12,484,883	2,987,128	9,914,802
Business-type activities:				
Water and sewer utility	54,388,260	56,951,931	-	21,584,780
Golf course	2,399,582	1,971,887	-	-
Total business-type activities	56,787,842	58,923,818	-	21,584,780
Total primary government	\$ 221,453,899	\$ 71,408,701	\$ 2,987,128	\$ 31,499,582

The accompanying notes are an integral part of this financial statement.

**Net (Expense) Revenue and
Changes in Net Position
Primary Government**

Functions/Programs	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (20,763,187)	\$ -	\$ (20,763,187)
Public safety	(61,860,642)	-	(61,860,642)
Public works	(25,643,969)	-	(25,643,969)
Culture and recreation	(21,518,886)	-	(21,518,886)
Interest on long-term debt	(8,525,551)	-	(8,525,551)
Issuance Costs	(967,009)	-	(967,009)
Total governmental activities	(139,279,244)	-	(139,279,244)
Business-type activities:			
Water and sewer utility	-	24,148,451	24,148,451
Golf course	-	(427,695)	(427,695)
Total business-type activities	-	23,720,756	23,720,756
Total primary government	(139,279,244)	23,720,756	(115,558,488)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	37,760,549	-	37,760,549
Property taxes, levied for debt service	19,636,074	-	19,636,074
Franchise taxes	7,407,178	-	7,407,178
Sales taxes	75,690,767	-	75,690,767
Hotel occupancy tax	6,000,447	-	6,000,447
Public service taxes	697,835	-	697,835
Unrestricted investment earnings and other	12,180,534	4,772,982	16,953,516
Transfers	3,698,337	(3,698,337)	-
Total general revenues and transfers	163,071,721	1,074,645	164,146,366
Change in net position	23,792,477	24,795,401	48,587,878
Net position-beginning	449,950,352	430,076,091	880,026,443
Net position-ending	\$ 473,742,829	\$ 454,871,492	\$ 928,614,321

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
ASSETS			
Cash and cash equivalents	\$ 5,735,289	\$ -	\$ 79,490
Investments	46,069,854	-	666,675
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	368,517	-	-
Accounts and other	5,578,531	-	2,084,328
Accrued interest	172,110	-	2,336
Interfund	9,196	-	-
Grants	502,703	-	1,261,112
Inventories	188,514	-	-
Other current assets	37,676	-	-
Restricted assets -			
Cash and cash equivalents	-	5,028,571	3,615,655
Investments	-	-	29,087,426
Receivables -			
Property taxes, including interest and penalties	-	208,634	-
Sales tax	-	-	1,485,315
Accrued interest	-	-	109,560
Total assets	<u>\$ 58,662,390</u>	<u>\$ 5,237,205</u>	<u>\$ 38,391,897</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 6,789,776	\$ -	\$ 8,686,209
Accrued payroll	1,779,223	-	-
Interfund payables	-	9,196	-
Unearned revenue	-	-	-
Total liabilities	<u>8,568,999</u>	<u>9,196</u>	<u>8,686,209</u>
Deferred inflows of resources -			
Unavailable revenue - property taxes	<u>368,517</u>	<u>208,634</u>	<u>-</u>
Total deferred inflows of resources	<u>368,517</u>	<u>208,634</u>	<u>-</u>
Fund balances -			
Nonspendable	226,190	-	-
Restricted - debt service	-	5,019,375	-
Restricted - authorized construction	-	-	28,953,807
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Restricted - general government	-	-	-
Committed - general government	-	-	-
Committed - capital projects funds	-	-	751,881
Assigned - culture and recreation	-	-	-
Unassigned	<u>49,498,684</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>49,724,874</u>	<u>5,019,375</u>	<u>29,705,688</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,662,390</u>	<u>\$ 5,237,205</u>	<u>\$ 38,391,897</u>

The accompanying notes are an integral part of this financial statement.

Debt-Financed Capital Projects Fund	Self-Financed Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,181,675	\$ 1,727,690	\$ 10,724,144
-	25,596,119	13,861,597	86,194,245
-	-	-	368,517
-	-	627,244	8,290,103
-	73,344	48,000	295,790
-	-	-	9,196
-	-	135,358	1,899,173
-	-	-	188,514
-	-	-	37,676
15,020,764	-	281,192	23,946,182
27,836,821	-	2,262,152	59,186,399
-	-	-	208,634
-	-	-	1,485,315
21,629	-	8,032	139,221
<u>\$ 42,879,214</u>	<u>\$ 28,851,138</u>	<u>\$ 18,951,265</u>	<u>\$ 192,973,109</u>
\$ 1,632,143	\$ 3,500,216	\$ 485,788	\$ 21,094,132
-	-	45,848	1,825,071
-	-	-	9,196
-	117,866	1,148,859	1,266,725
<u>1,632,143</u>	<u>3,618,082</u>	<u>1,680,495</u>	<u>24,195,124</u>
-	-	-	577,151
-	-	-	577,151
-	-	-	226,190
-	-	-	5,019,375
41,247,071	-	2,489,771	72,690,649
-	-	6,807,382	6,807,382
-	-	1,025,501	1,025,501
-	-	1,439,377	1,439,377
-	-	883,883	883,883
-	25,233,056	2,986,322	28,971,259
-	-	1,638,534	1,638,534
-	-	-	49,498,684
<u>41,247,071</u>	<u>25,233,056</u>	<u>17,270,770</u>	<u>168,200,834</u>
<u>\$ 42,879,214</u>	<u>\$ 28,851,138</u>	<u>\$ 18,951,265</u>	<u>\$ 192,973,109</u>



CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds \$ 168,200,834

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 103,983,047	
Construction in progress	57,754,782	
Building and improvements	877,127,315	
Equipment	85,439,959	
Accumulated depreciation	(489,936,883)	
Total capital assets	\$ 634,368,220	634,368,220

Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds. 4,080,278

Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 7,231,349

Pension actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. 11,101,561

Contributions to OPEB after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 267,107

OPEB actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. (102,818)

Property tax revenues collected in advance of the fiscal year to which they apply are recorded as deferred inflows of resources and recognized as revenue of the period to which they apply. Therefore, they are not reported in the funds. 577,151

Internal service funds are used by management to charge the costs of self-funded insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 7,700,096

Unearned rent revenue for the land acquisition associated with the Kalahari project is not a current financial resource and, therefore, is not reported in the funds. (10,592,029)

Long-term receivable from the Crow Group Series, LLC for a forgivable loan associated with an economic development project is not a current financial resource and, therefore, was reported in the funds as an expenditure, and not as a receivable. 2,200,000

Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end. (1,609,719)

Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. They are detailed in Note III (A). (349,679,201)

Net Position of Governmental Activities \$ 473,742,829

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 98,412,980	\$ 19,630,066	\$ 21,227,616
Licenses, permits and fees	2,027,743	-	-
Charges for services	4,837,106	-	-
Fines and forfeitures	1,763,981	-	-
Grants	2,171,405	-	988,576
Hotel occupancy tax	-	-	-
Contributions	-	-	4,397,430
Investment and other	6,397,192	415,316	579,658
Total revenues	<u>115,610,407</u>	<u>20,045,382</u>	<u>27,193,280</u>
Expenditures -			
Current -			
General government	21,907,273	-	-
Public safety	55,981,878	-	-
Public works	13,876,432	-	1,201,515
Culture and recreation	15,548,734	-	-
Debt service -			
Principal retirement	-	17,792,363	-
Interest and fiscal charges	-	8,616,675	-
Payment to refunding agent	-	13,758,972	-
Issuance costs	-	181,869	331,859
Capital projects	-	-	53,216,192
Total expenditures	<u>107,314,317</u>	<u>40,349,879</u>	<u>54,749,566</u>
Excess (deficiency) of revenues over expenditures	<u>8,296,090</u>	<u>(20,304,497)</u>	<u>(27,556,286)</u>
Other financing sources (uses) -			
Issuance of debt	-	-	21,310,000
Issuance of lease	-	-	-
Issuance of refunding bonds	-	12,210,000	-
Issuance of premium	-	1,588,845	-
Transfers in	4,555,000	6,671,510	10,295,691
Transfers out	(16,938,728)	-	(7,892,205)
Total other financing sources (uses)	<u>(12,383,728)</u>	<u>20,470,355</u>	<u>23,713,486</u>
Net change in fund balances	(4,087,638)	165,858	(3,842,800)
Fund balances, October 1, 2018	<u>53,812,512</u>	<u>4,853,517</u>	<u>33,548,488</u>
Fund balances, September 30, 2019	<u>\$ 49,724,874</u>	<u>\$ 5,019,375</u>	<u>\$ 29,705,688</u>

The accompanying notes are an integral part of this financial statement.

Debt-Financed Capital Projects Fund	Self-Financed Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,660,778	\$ 218,740	\$ 141,150,180
-	-	675,497	2,703,240
-	-	2,079,357	6,916,463
-	-	389,328	2,153,309
-	-	662,482	3,822,463
-	-	6,000,447	6,000,447
120,000	-	153,241	4,670,671
1,049,564	1,155,421	3,131,026	12,728,177
1,169,564	2,816,199	13,310,118	180,144,950
-	74,786	440,959	22,423,018
-	-	81,989	56,063,867
-	-	-	15,077,947
-	-	4,665,163	20,213,897
-	-	-	17,792,363
-	-	-	8,616,675
-	-	-	13,758,972
453,281	-	-	967,009
14,655,843	20,642,457	2,322,766	90,837,258
15,109,124	20,717,243	7,510,877	245,751,006
(13,939,560)	(17,901,044)	5,799,241	(65,606,056)
34,165,000	-	-	55,475,000
-	2,900,000	-	2,900,000
-	-	-	12,210,000
3,295,278	-	-	4,884,123
-	19,913,229	675,000	42,110,430
(10,325,594)	(564,163)	(2,691,403)	(38,412,093)
27,134,684	22,249,066	(2,016,403)	79,167,460
13,195,124	4,348,022	3,782,838	13,561,404
28,051,947	20,885,034	13,487,932	154,639,430
\$ 41,247,071	\$ 25,233,056	\$ 17,270,770	\$ 168,200,834

**CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances-Total Governmental Funds	\$ 13,561,404
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	53,822,112
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.	3,989,152
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Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	42,223
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The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(44,200,872)
--	--------------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These include:

Pension costs, net	(2,889,824)
OPEB costs, net	(1,019,492)
Interest and employee expense	(224,097)

Internal service funds are used to charge the costs of self-funded insurance to the individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	711,871
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Change in Net Position of Governmental Activities	<u>\$ 23,792,477</u>
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The accompanying notes are an integral part of this financial statement.

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance -
	Original	Final	Actual	Positive (Negative)
Revenues -				
Taxes and franchise, including interest and penalties	\$ 95,383,000	\$ 95,453,202	\$ 98,412,980	\$ 2,959,778
Licenses, permits and fees	1,579,550	1,579,550	2,027,743	448,193
Charges for services	4,833,352	4,833,352	4,837,106	3,754
Fines and forfeitures	1,243,000	1,243,000	1,763,981	520,981
Grants	1,238,903	1,738,903	2,171,405	432,502
Investment and other	5,206,830	5,206,830	6,397,192	1,190,362
Total revenues	109,484,635	110,054,837	115,610,407	5,555,570
Expenditures -				
Current -				
General government	24,423,232	23,368,813	21,907,273	1,461,540
Public safety	54,415,065	55,988,234	55,981,878	6,356
Public works	15,619,331	15,129,359	13,876,432	1,252,927
Culture and recreation	15,072,317	15,613,741	15,548,734	65,007
Total expenditures	109,529,945	110,100,147	107,314,317	2,785,830
Excess (deficiency) of revenues over expenditures	(45,310)	(45,310)	8,296,090	8,341,400
Other financing sources (uses) -				
Transfers in	4,555,000	4,555,000	4,555,000	-
Transfers out	(12,722,193)	(16,938,728)	(16,938,728)	-
Total other financing sources (uses)	(8,167,193)	(12,383,728)	(12,383,728)	-
Net change in fund balance	\$ (8,212,503)	\$ (12,429,038)	(4,087,638)	\$ 8,341,400
Fund balance, October 1, 2018			53,812,512	
Fund balance, September 30, 2019			<u>\$ 49,724,874</u>	

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
ROUND ROCK TRANSPORTATION AND
ECONOMIC DEVELOPMENT CORPORATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Sales tax	\$ 19,500,000	\$ 19,500,000	\$ 21,227,616	\$ 1,727,616
Grants	35,378	35,378	988,576	953,198
Contributions	1,107,422	1,107,422	4,397,430	3,290,008
Investment and other	180,000	180,000	579,658	399,658
Total revenues	20,822,800	20,822,800	27,193,280	6,370,480
Expenditures -				
Public works	2,015,095	1,985,095	1,201,515	783,580
Issuance costs	-	331,859	331,859	-
Capital projects	53,216,192	53,216,192	53,216,192	-
Total expenditures	55,231,287	55,533,146	54,749,566	783,580
Excess (deficiencies) of revenues over expenditures	(34,408,487)	(34,710,346)	(27,556,286)	7,154,060
Other financing sources (uses) -				
Issuance of debt	-	21,310,000	21,310,000	-
Transfers in	-	10,295,691	10,295,691	-
Transfers out	(3,935,567)	(7,892,205)	(7,892,205)	-
Total other financing sources (uses)	(3,935,567)	23,713,486	23,713,486	-
Net change in fund balances	\$ (38,344,054)	\$ (10,996,860)	(3,842,800)	\$ 7,154,060
Fund balance, October 1, 2018			33,548,488	
Fund balance, September 30, 2019			<u>\$ 29,705,688</u>	

The accompanying notes are an integral part of this financial statement.



**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 12,233,018	\$ 44,274	\$ 12,277,292	\$ 1,020,127
Investments	110,071,649	-	110,071,649	8,206,777
Receivables (net of allowance for uncollectibles of \$ 623,486) -				
Accounts	20,025,094	75,000	20,100,091	23,640
Accrued interest	1,356,535	-	1,356,535	25,693
Intergovernmental	3,457,903	-	3,457,903	-
Inventories	295,455	-	295,455	-
Other current assets	449,415	-	449,415	87,500
Total current assets	147,889,069	119,274	148,008,340	9,363,737
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	14,773,100	-	14,773,100	-
Construction	9,203,006	-	9,203,006	-
Customer deposits	1,451,232	-	1,451,232	-
Revenue bond covenant accounts	200,568	-	200,568	-
Restricted accounts and accrued interest receivable:				
Restricted impact fees	91,860	-	91,860	-
Restricted accrued interest	75,347	-	75,347	-
Investment in joint venture	15,021,330	-	15,021,330	-
Capital assets:				
Land and construction in progress	22,878,870	1,891,175	24,770,045	-
Capital assets being depreciated	323,696,603	8,050,632	331,747,235	-
Total capital assets (net of accumulated depreciation of \$218,919,666)	346,575,473	9,941,807	356,517,280	-
Total noncurrent assets	387,391,916	9,941,807	397,333,723	-
Total assets	535,280,985	10,061,081	545,342,066	9,363,737
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges on refunding	4,479,849	-	4,479,849	-
Deferred outflows related to pensions	2,547,725	-	2,547,725	-
Deferred outflows related to OPEB	118,277	-	118,277	-
Total deferred outflows of resources	7,145,851	-	7,145,851	-

The accompanying notes are an integral part of this financial statement.

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 7,620,779	\$ 68,249	\$ 7,689,028	\$ 585,451
Accrued payroll	246,706	-	246,706	-
Accrued benefit obligations	461,942	-	461,942	-
Accrued interest	483,747	-	483,747	-
Customer deposits	1,470,799	-	1,470,799	-
Bonds payable	3,511,408	-	3,511,408	-
Total current liabilities	13,795,381	68,249	13,863,630	585,451
Noncurrent liabilities:				
Net pension liability	6,548,319	-	6,548,319	-
Total OPEB liability	1,981,019	-	1,981,019	-
Accrued benefit obligations	122,796	-	122,796	-
Bonds payable	75,999,389	-	75,999,389	-
Total noncurrent liabilities	84,651,523	-	84,651,523	-
Total liabilities	98,446,904	68,249	98,515,153	585,451
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows related to pensions	83,588	-	83,588	-
Deferred inflows related to OPEB	95,874	-	95,874	-
Total deferred inflows of resources	179,462	-	179,462	-
<u>NET POSITION</u>				
Net investment in capital assets	273,904,334	9,941,807	283,846,141	-
Restricted for:				
Debt service	200,568	-	200,568	-
Capital projects	24,143,313	-	24,143,313	-
Unrestricted	145,552,255	51,025	145,603,280	8,778,286
Total net position	\$ 443,800,470	\$ 9,992,832	453,793,302	\$ 8,778,286
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			1,078,190	
Net position of business-type activities			\$ 454,871,492	

The accompanying notes are an integral part of this financial statement.

CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
Operating revenues -				
Charges for services	\$ 51,973,150	\$ 1,971,887	\$ 53,945,037	\$ 14,849,552
Licenses, permits, and fees	4,828,792	-	4,828,792	-
Total revenues	56,801,942	1,971,887	58,773,829	14,849,552
Operating expenses -				
Personnel services	12,809,236	-	12,809,236	-
Contractual services	14,844,774	1,923,113	16,767,887	2,949,533
Supplies	1,265,167	-	1,265,167	-
Materials	2,120,572	-	2,120,572	7,214
Heat, light and power	2,188,155	6,473	2,194,628	6,674
Claims expense	-	-	-	11,412,211
Depreciation	18,303,211	469,996	18,773,207	-
Total operating expenses	51,531,115	2,399,582	53,930,697	14,375,632
Operating income (loss)	5,270,827	(427,695)	4,843,132	473,920
Nonoperating revenues (expenses) -				
Investment and other revenues	4,772,982	-	4,772,982	387,940
Interest and fiscal charges	(2,857,145)	-	(2,857,145)	-
Total nonoperating revenues (expenses)	1,915,837	-	1,915,837	387,940
Income before contributions and transfers	7,186,664	(427,695)	6,758,969	861,860
Contributions and transfers -				
Contributions - impact fees	10,893,493	-	10,893,493	-
Contributions - infrastructure	10,392,186	-	10,392,186	-
Contributions - other	299,101	-	299,101	-
Transfers in	-	76,663	76,663	-
Transfers out	(3,775,000)	-	(3,775,000)	-
Total contributions and transfers	17,809,780	76,663	17,886,443	-
Change in net position	24,996,444	(351,032)	24,645,412	861,860
Net position, October 1, 2018	418,804,026	10,343,864		7,916,426
Net position, September 30, 2019	\$ 443,800,470	\$ 9,992,832		\$ 8,778,286

Reconciliation to government-wide statement of activities:

Adjustment to reflect the net profit of the internal
service fund that was allocated to enterprise fund functions

149,989

Change in net position of business-type activities \$ 24,795,401

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 56,209,663	\$ 1,971,887	\$ 58,181,550	\$ 1,075,672
Cash received from other funds for services provided	-	-	-	13,774,378
Cash payments to suppliers for goods and services	(16,860,007)	(2,105,642)	(18,965,649)	(14,276,963)
Cash payments to employees for services	(12,195,097)	-	(12,195,097)	-
Net cash provided (used) by operating activities	<u>27,154,559</u>	<u>(133,755)</u>	<u>27,020,804</u>	<u>573,087</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	76,663	76,663	-
Transfers to other funds	(3,775,000)	-	(3,775,000)	-
Net cash provided (used) by noncapital financing activities	<u>(3,775,000)</u>	<u>76,663</u>	<u>(3,698,337)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	108,905	-	108,905	-
Acquisition and construction of capital assets	(21,800,920)	(253,833)	(22,054,753)	-
Investment in joint venture	(1,714,397)	-	(1,714,397)	-
Principal paid on revenue bonds	(3,486,273)	-	(3,486,273)	-
Contributions	252,310	-	252,310	-
Impact fees	10,893,493	-	10,893,493	-
Interest and fiscal charges paid	(2,571,891)	-	(2,571,891)	-
Net cash used by capital and related financing activities	<u>(18,318,773)</u>	<u>(253,833)</u>	<u>(18,572,606)</u>	<u>-</u>
Cash flows from investing activities:				
Sale (purchase) of investments	(4,399,780)	14,225	(3,852,467)	(631,898)
Investment and other income	<u>4,322,635</u>	<u>1,895</u>	<u>4,324,530</u>	<u>387,655</u>
Net cash provided (used) by investing activities	<u>(77,145)</u>	<u>16,120</u>	<u>472,063</u>	<u>(244,243)</u>
Net increase (decrease) in cash and cash equivalents	4,983,641	(294,805)	4,688,836	328,844
Cash and cash equivalents at beginning of year	<u>11,527,728</u>	<u>339,079</u>	<u>11,866,807</u>	<u>691,283</u>
Cash and cash equivalents at end of year	<u>\$ 16,511,369</u>	<u>\$ 44,274</u>	<u>\$ 16,555,643</u>	<u>\$ 1,020,127</u>

The accompanying notes are an integral part of this financial statement.

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Position</u>				
Cash and cash equivalents	\$ 12,233,018	\$ 44,274	\$ 12,277,292	\$ 1,020,127
Restricted assets -				
Cash and cash equivalents	<u>4,278,351</u>	<u>-</u>	<u>4,278,351</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 16,511,369</u>	<u>\$ 44,274</u>	<u>\$ 16,555,643</u>	<u>\$ 1,020,127</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>				
Operating income (loss)	\$ 5,270,827	\$ (427,695)	\$ 4,843,132	\$ 473,920
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	18,303,211	469,996	18,773,207	-
Provision for bad debts	114,642	-	114,642	-
Loss on sale of assets	-	6,792	6,792	-
(Increase) decrease in:				
Receivables	(1,000,101)	-	(1,000,101)	498
Customer deposits	(276,639)	-	(276,639)	-
Inventory	88,220	-	88,220	-
Other assets	(25,033)	-	(25,033)	-
Pension related deferred outflows	(1,543,103)	-	(1,543,103)	-
OPEB related deferred outflows	26,636	-	26,636	-
Increase (decrease) in:				
Accounts payable	3,772,113	(182,848)	3,589,265	98,669
Customer deposits	293,180	-	293,180	-
Compensated absences	81,051	-	81,051	-
Pension related deferred inflows	(766,086)	-	(766,086)	-
OPEB related deferred inflows	84,225	-	84,225	-
Net pension liability	2,703,256	-	2,703,256	-
Total OPEB liability	<u>28,160</u>	<u>-</u>	<u>28,160</u>	<u>-</u>
Total adjustments	<u>21,883,732</u>	<u>293,940</u>	<u>22,177,672</u>	<u>99,167</u>
Net cash provided (used) by operations	<u>\$ 27,154,559</u>	<u>\$ (133,755)</u>	<u>\$ 27,020,804</u>	<u>\$ 573,087</u>

NOTES:

Noncash capital and related financing activities:

In fiscal year 2019, the Water and Sewer Fund had \$10,392,186 in capital assets contributed, recognized a change of \$349,983 in fair value of investments, and a change of \$1,714,397 in joint venture net position.

The accompanying notes are an integral part of this financial statement.

A nighttime photograph of a street in Round Rock, Texas. In the background, a large water tower stands against a dark blue sky. A bridge with a steel truss structure spans the street. The foreground shows a multi-lane road with long-exposure light trails from cars, creating streaks of red, yellow, and white. On the left, there are commercial buildings, including one with a red and white sign. The overall scene is illuminated by streetlights and building lights.

NOTES TO THE FINANCIAL STATEMENTS



ROUND ROCK TEXAS



CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Round Rock, Texas (the City) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government. The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below, and where appropriate, subsequent pronouncements will be referenced.

A. REPORTING ENTITY

The City provides various services and performs many different functions. These include a police force, a fire fighting and protection force, emergency medical services, a park and recreation system, a municipal golf course, a public library, convention and tourism support, planning and zoning, and a waterworks and sewer utility system. The City's staff provides the necessary support for the services provided. All are responsible to the Citizens of Round Rock and are therefore included within the reporting entity.

As required by generally accepted accounting principles, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City.

Blended Component Unit

The Round Rock Transportation and Economic Development Corporation (RRTEDC), an entity legally separate from the City, is governed by a seven-member board appointed by the City Council. The City Council maintains budgetary control of the RRTEDC. For financial reporting purposes, the RRTEDC is presented as a part of the City's operations because its purpose is to utilize sales tax revenues for the improvement of the City's transportation system and for economic development purposes, covered under local government code. The revenues of the RRTEDC, its administrative expenditures, and capital projects are accounted for in a special revenue fund.

A five-year project spending plan is presented and adopted at least annually to ensure adequate funds are available for transportation, economic development and other allowed uses of RRTEDC funds. This five-year plan is reviewed by staff at least quarterly and updates are presented to the RRTEDC board as needed for transportation capital improvements programs, economic incentive programs, and other legally allowable projects approved by the RRTEDC board and ratified by Council.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. GASB Statement No. 34 requires certain supplementary information. Management's Discussion and Analysis includes an analytical overview of the City's financial activities. In addition,

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

budgetary comparison statements are presented that compare the adopted and amended budgets of the General Fund and the Round Rock Transportation and Economic Development Corporation Fund with their actual results.

Government-wide Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component unit. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are funded by fees and charges for services.

The City's statement of net position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or franchise taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories and the component unit. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Fund Financial Statements:

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The major governmental funds are the General Fund, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation Fund, the Debt-Financed Capital Projects Fund, and the Self-Financed Construction Fund. The nonmajor funds are combined in a separate column in the fund financial statements.

The Internal Service Fund, which provides services to the other funds of the government, is presented as part of the proprietary fund financial statements. The net income (loss) of the Internal Service Fund is

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

allocated between governmental and business-type activities. Because the principal users are the City's governmental activities, financial statements of the Internal Service Fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

C. GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those, if any, which should be accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination. The City maintains the following governmental fund types:

The **General Fund** accounts for financial resources in use for general types of operations, which are not encompassed within other funds. The General Fund is considered a major fund in the fund financial statements.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

There are seven groups of funds within the Special Revenue Funds which account for the activities related to grant programs, hotel-motel room taxes, transportation system improvement and economic development sales tax and funds designated for specific service programs. They are as follows:

Major Fund

- *Round Rock Transportation and Economic Development Corporation Fund*

Nonmajor Funds

- *Community Development Block Grant Fund*
- *Hotel-Motel Occupancy Tax Fund*
- *Hotel-Motel Occupancy Venue Tax Fund*
- *Library & Recreational Fund*
- *Public Safety Fund*
- *Public Education & Government Fund*

The **Round Rock Transportation and Economic Development Corporation Fund** is considered a major fund in the fund financial statements. It accounts for sales tax monies and donations/developer contributions received for economic development and streets, drainage and other transportation system improvements, including maintenance and capital costs associated with such authorized projects.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPES (CONTINUED)

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest and related costs. The Debt Service Fund is considered a major fund in the fund financial statements.

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by proprietary funds). There are two groups of funds within the Capital Projects Fund which account for the activities related to various capital improvements projects as follows:

Major Funds

- *Debt-Financed Capital Projects Fund*
- *Self-Financed Construction Fund*

The Self-Financed Construction Fund and the Debt-Financed Capital Projects Fund are considered major funds in the fund financial statements. The Self-Financed Construction Fund accounts for the costs of authorized general capital improvements and facilities. Financing is provided by general government resources, such as sales tax. Dell sales tax receipts, net of rebate, are not to exceed 20% of budgeted sales tax revenues in the General Fund. Any funds in excess of expected or realized sales tax in excess of 20% will be budgeted and deposited in the Self-Financed Construction Fund for pay-as-you go one-time capital expenditures or projects. The Debt-Financed Capital Projects Fund accounts for projects related to fire department facilities, parks and recreational purposes, library facilities, police and fire training facilities, street maintenance and road construction. Financing is provided by general obligation bonds and certificates of obligation.

D. PROPRIETARY FUND TYPES

The **Proprietary Funds** are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are the determination of income before contributions and transfers, net position and cash flows. The City maintains the following Proprietary Fund types:

The **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Enterprise Funds consists of the Water and Sewer Fund, which includes the City's storm water drainage program, and the Golf Course Fund. These funds are primarily supported by user charges.

The **Internal Service Fund** is used to account for the financing of goods or services provided by one department or agency to other City departments or agencies on a cost-plus basis. The City's Internal Service Fund is the Self-Funded Health Insurance Fund, which is used to account for the activities of the City's self-funded health insurance program.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

GASB Statement No. 34 eliminated the presentation of the general fixed assets and general long-term debt account groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide statement of net position.

F. BASIS OF ACCOUNTING

Government-wide Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

In the fund financial statements, all governmental funds are accounted for using a modified accrual basis of accounting. Governmental funds use the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Governmental Funds

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis of accounting, revenues are recorded when deemed both measurable and available. Measurable means that the amount of the transaction can be determined. Available means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

Hotel taxes, franchise fees, and special assessments are recorded when susceptible to accrual, both measurable and available. Sales taxes collected and held by the State at year-end on behalf of the City are also recognized as revenue. Licenses and permits, charges for services, fines and forfeitures and other revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Earnings on investments are recorded on the accrual basis in all funds. Unrealized gains or losses on investments are also recognized in accordance with GASB Statement No. 31.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. BASIS OF ACCOUNTING (CONTINUED)

In applying the susceptible to accrual concept to grant revenues, the legal and contractual requirements of the individual grant programs are used for guidance. Monies received are generally unrestricted as to purpose of expenditure and are revocable only for failure to comply with prescribed compliance requirements. These resources are recognized as revenues at the time of receipt, or sooner, if the susceptible to accrual criteria are met.

The City reports unavailable revenue on its fund financial statements. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on governmental long-term debt which are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds' fund financial statements.

Proprietary Funds

In the fund financial statements and the government-wide statements, proprietary and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund, the Golf Course Fund and the Internal Service Fund are charges to customers for sales and services. Operating expenses for the Enterprise Funds and Internal Service Fund include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. CASH AND CASH EQUIVALENTS

In accordance with GASB Statement No. 9, for reporting purposes, the City has developed a definition of cash equivalents. Cash equivalents are demand deposit account balances, investments with the State Investment Pool, repurchase agreements, obligations of the United States government and its agencies, commercial paper and certificates of deposit with original maturities of three months or less.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. INVESTMENTS

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as the value of the pool shares.

The City pools excess cash of the various individual funds to purchase these investments. These pooled investments are reported in the combined balance sheet as investments in each fund based on each fund's share of the pooled investments. Interest income is allocated to each respective individual fund, monthly, based on their respective share of investments in the pooled investments. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

I. INVENTORIES AND PREPAID ITEMS

Inventories of supplies for all funds are valued at cost. The consumption method is used to account for inventories. Under the consumption method, an expenditure is recognized when inventory items are used. Cost is determined for inventories of supplies on the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (other current assets) in both the government-wide and fund financial statements.

J. JOINT VENTURE

Joint venture represents the City's equity interest calculated in accordance with the agreement for the Brushy Creek Regional Utility Authority (BCRUA). The City's initial investment in this joint venture was recorded at cost. The City shares in the operating results in this joint venture so the City adjusts its equity interest by the amount of its participating share of the joint venture's change in net position.

K. CAPITAL ASSETS

Capital assets are stated at historical cost. Maintenance and repairs are charged to operations as incurred. Improvements and betterments, which extend the useful lives of assets, are capitalized.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by the fund's measurement focus. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000 and a useful life of at least five (5) years. Donated capital assets, donated works of art, and similar items are reported at acquisition value rather than fair value.

Public domain capital assets (infrastructure) have been capitalized. Infrastructure consists of certain improvements other than buildings, including roads, curbing, gutters, streets and sidewalks and drainage systems.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. CAPITAL ASSETS (CONTINUED)

In the government-wide statements, depreciation of plant and equipment classified by functional components is provided by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

<i>Buildings</i>	<i>40 years</i>
<i>Improvements to buildings</i>	<i>10 years</i>
<i>Improvements other than buildings</i>	<i>10 - 30 years</i>
<i>Machinery and equipment</i>	<i>5 - 7 years</i>

When capital assets are retired or otherwise disposed of, a gain or loss on disposal of assets is recognized.

In the fund financial statements, because of the application of the current financial resources focus and the use of modified accrual accounting for governmental funds, depreciation is only recognized for the Enterprise Funds.

L. LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Deferred amounts related to refundings are reported as deferred outflow of resources and amortized over the shorter of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Hotel Occupancy Tax Revenue Bonds were issued to fund the City's portion of the construction of a convention center complex. The project costs were shared with a private corporation in accordance with the Master Agreement Regarding Convention Center Development. Venue Tax and Hotel Occupancy Revenue Bonds were issued to fund a portion of the construction of a sports center. The Hotel Occupancy Tax Revenue Bonds and Venue Tax and Hotel Occupancy Tax Revenue Bonds are to be repaid from the hotel tax revenues.

Revenue bonds, which have been issued to fund capital projects of the Enterprise Fund, are to be repaid from net revenues of the utility systems.

Sales tax revenue bonds have been issued to fund transportation improvements. The bonds are to be repaid from revenues of the Round Rock Transportation and Economic Development Corporation.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. LONG-TERM DEBT (CONTINUED)

Taxable sales tax revenue bonds have been issued to fund the City's portion of the construction of a convention center facility located at Kalahari Resorts. The bonds are to be repaid from sales tax, venue tax and ad valorem tax generated by Kalahari Resorts.

M. ACCRUED BENEFIT OBLIGATIONS

Unpaid Compensated Absences

Regular full-time employees and regular part-time employees who are normally scheduled to work at least twenty (20) hours per week are eligible to accrue vacation leave. Public service employees, including the police department, can accrue a maximum of 320 hours. Regular, full-time suppression firefighters have a maximum accrual of 656 hours, while regular, full-time administration firefighters can earn a maximum of 437 hours. Employees are paid for the accumulated vacation upon termination. Effective January 1, 1994, sick pay does not vest for non-Civil Service employees; therefore, a liability is only recorded for sick leave relating to Civil Service employees.

The City accrues a liability for accumulated vacation and sick leave benefits, which meet the following criteria:

- *The City's obligation to fund accumulated vacation and sick leave benefits is attributable to employees' services already rendered.*
- *The obligation relates to rights that vest or accumulate.*
- *Payment of the compensation is probable.*
- *The amount can be reasonably estimated.*

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Other Post-Employment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by Holmes Murphy & Associates, the City's third-party actuary, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Additionally, the City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. TRANSACTIONS BETWEEN FUNDS

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds – for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds - are accounted for as transfers.

As a rule, the effect of interfund activity has been eliminated from the government-wide statement of net position. Exceptions to this rule are cost reimbursement transactions between the enterprise fund and various other functions of the government for utilities and for reimbursement of personnel costs for employees administering grant programs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

O. NET POSITION

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of: capital assets net of accumulated depreciation, outstanding balances of capital-related borrowings, and capital-related deferred outflows (inflows) of resources. Net position classified as restricted are balances with constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Certain bond proceeds, as well as resources set aside for their repayment, are classified as restricted assets because their use is limited by bond covenants. Other assets are restricted due to City Ordinance restrictions on their use.

Net position has been restricted for the excess of restricted assets over related liabilities to the extent such restricted assets were accumulated from revenues (i.e., in some cases, restricted assets were obtained in total or in part from the proceeds of bond sales or grants).

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

P. CLASSIFICATION OF FUND EQUITY

Governmental funds' fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – Nonspendable fund balances are amounts that are not in spendable form or are required to be maintained intact.

Restricted fund balance – Restricted fund balances are amounts that are constrained to specific purposes by creditors, grantors, contributors, or laws or regulations of other governments.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. CLASSIFICATION OF FUND EQUITY (CONTINUED)

Committed fund balance – Committed fund balances are amounts that are committed to specific purposes by City Council through an ordinance. Amounts cannot be used for other purposes unless the City Council takes the same action to remove or change the constraint. The most significant commitments are for general government in the special revenue funds and for park improvements in the capital projects funds.

Assigned fund balance – Assigned fund balances are amounts that the City intends to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on City Council direction.

Unassigned fund balance – Unassigned fund balances are amounts that are available for any legal purposes. The General Fund is the only fund that reports an unassigned fund balance amount.

For the classification of governmental fund balances, the City considers the expenditure to be made from the most restrictive first when more than one classification is available.

Q. MINIMUM FUND BALANCE POLICY

It is the desire of the City to maintain an adequate fund balance in the General Fund to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 90 days of budgeted expenditures.

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting in this category by the City include the following:

- Deferred charges on refundings - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred charge on refundings is reported in the government-wide statement of net position.
- OPEB and pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference between projected and actual investment earnings on pension assets, difference between expected and actual economic experience on pension and OPEB assets, and changes in actuarial assumptions used to determine the net pension and total OPEB liabilities.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Reported as a deferred inflow for the City both for OPEB and pension are the difference in expected and actual experience and the difference

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

arising from changes in assumptions (both are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date). For the governmental funds, property taxes received in advance of the fiscal year to which they apply are reported as deferred inflows of resources.

S. TAP-IN (CONNECTION FEES) AND IMPACT FEES

Water and sewer tap-in fees (connection fees) represent reimbursement of the costs incurred to perform the connection of the respective utilities. These fees are recorded as operating revenue at the time of service. The impact fee substantially exceeds the cost of connection to the water and sewer system, and is therefore viewed as a contribution. Effective with the implementation of GASB Statement No. 33, impact fees are recorded as contributions in the Enterprise Fund.

The City adopted a roadway impact fee ordinance in March 2019. Roadway impact fees are intended to recover the incremental cost of each new unit of development on the arterial and collector roadway infrastructure. Effective January 1, 2020, the roadway impact fees will be assessed but there will be no roadway impact fees charged for any building permit application dated before January 1, 2021. The roadway impact fees will be charged effective January 1, 2021.

T. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations to determine the net pension liability and total OPEB liability are based on assumptions about events far into the future. Accordingly, actual results could differ from those estimates.

U. PENSIONS

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in TMRS and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statements which became effective for fiscal year 2019.

Statement No. 83, “*Certain Asset Retirement Obligations*.” – This statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will use this statement to recognize a liability. This statement will also enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The City does not have any Asset Retirement Obligations to report.

Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.” – This statement will improve financial reporting by providing financial statement users with essential information that currently is not provided consistently. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets in lieu of cash) in one or more payments to settle a fixed amount at the time the contractual obligation is established. Users will have better information to understand the effects of debt on a government’s future flow of resources as resources used to liquidate debt and the risks associated with changes in terms related to debt will be disclosed.

The implementation of GASB Statement No. 88 resulted in an updated Long-Term Debt table (see page 86). Net pension liability and total OPEB liability were removed from the table as they are not debt, as defined by this statement. Only long-term debt (bonds, notes, and loans) and other long-term liabilities (compensated absences, leases payable that are financings, claims and judgments) are disclosed in the Long-Term Debt table.

The GASB has issued the following statements which will become effective for fiscal year 2020.

Statement No. 84, “*Fiduciary Activities*.” – This statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. Established criteria for identifying fiduciary activities is focused on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.

Statement No. 90, “*Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61.” – This statement will improve financial reporting by providing financial statement users with essential information presented for majority equity interests in legally separate organizations. A majority equity interest in a legally separate organization should be reported as an investment if the government’s holding of the equity interest meets the definition of an investment. The statement also provides for improved relevance of financial statement information for certain component units. If a government has a 100 percent equity interest, it must account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY ACCOUNTING

The City follows these procedures in establishing the appropriated budget as reflected in the accompanying financial statements:

- (1) At least sixty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted at which all interested persons' comments concerning the budget may be heard.
- (3) The budget is legally enacted by the City Council through passage of an appropriation ordinance and tax-levying ordinance not later than the final day of the last month of the fiscal year.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Proprietary Funds. Management control for the operating budget is maintained at the individual office, department, or agency level.
- (5) Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and the Proprietary Funds. Capital Projects Funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements.
- (6) Amendments that alter total expenditures of any fund must be approved by the City Council. Although costs are monitored on a departmental basis, the level of control at which expenditures may not exceed the budget is at the fund level. The reported budgetary data has been revised for amendments authorized.
- (7) Any appropriation balances lapse or revert to the undesignated fund balances at the close of each fiscal year.

The budgets of the various funds are prepared on a basis consistent with generally accepted accounting principles as described above. The table on the following page compares original to final budgets for the General Fund.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY ACCOUNTING (CONTINUED)

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 95,383,000	\$ 70,202	\$ 95,453,202
Licenses, permits and fees	1,579,550	-	1,579,550
Charges for services	4,833,352	-	4,833,352
Fines and forfeitures	1,243,000	-	1,243,000
Grants	1,238,903	500,000	1,738,903
Investment and other	5,206,830	-	5,206,830
Total revenues	<u>109,484,635</u>	<u>570,202</u>	<u>110,054,837</u>
Expenditures -			
Current -			
General government	24,423,232	(1,054,419)	23,368,813
Public safety	54,415,065	1,573,169	55,988,234
Public works	15,619,331	(489,972)	15,129,359
Culture and recreation	15,072,317	541,424	15,613,741
Total expenditures	<u>109,529,945</u>	<u>570,202</u>	<u>110,100,147</u>
Excess (deficiency) of revenues over expenditures	<u>(45,310)</u>	<u>-</u>	<u>(45,310)</u>
Other financing sources (uses) -			
Transfers in	4,555,000	-	4,555,000
Transfers out	(12,722,193)	(4,216,535)	(16,938,728)
Total other financing sources (uses)	<u>(8,167,193)</u>	<u>(4,216,535)</u>	<u>(12,383,728)</u>
Net change in fund balances	<u>\$ (8,212,503)</u>	<u>\$ (4,216,535)</u>	<u>\$ (12,429,038)</u>

B. ENCUMBRANCES

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. For budgetary purposes, encumbrances lapse at fiscal year-end. In accordance with the City Charter, Part I, Article 8, Section 8.03 (a)(10) – Finance Administration, a capital improvement program may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition. Therefore, purchase orders and contracts associated with capital improvement programs roll at the end of the fiscal-year. The encumbrances and significant commitments at September 30, 2019 associated with capital improvements for governmental funds, not proprietary funds, in accordance with GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” are summarized on the following page.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. ENCUMBRANCES (CONTINUED)

Major Funds

Round Rock Transportation and Economic Development Corporation Fund	\$ 27,498,000
Self-Financed Construction Fund	3,141,000
Debt-Financed Capital Projects Fund	8,452,000

Nonmajor Funds

Special revenue funds	\$ 996,000
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III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds and certificates payable	\$ 252,235,000
Plus: Issuance premium (amortized against interest expense)	18,049,387
Less: Issuance discount (amortized against interest expense)	(74,711)
Capital leases payable	8,995,757
Net pension liability	48,021,003
Compensated absences	7,925,298
Total OPEB liability	<u>14,527,467</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> <i>to arrive at net position - governmental activities</i>	<u><u>\$ 349,679,201</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation of net changes in fund balances – total governmental funds to changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 87,242,801
Depreciation expense	<u>(33,420,689)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ 53,822,112</u></u>

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.” The details of this difference are as follows:

Donations	\$ 4,408,796
Reclassifications, disposals, and transfers	<u>(419,644)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ 3,989,152</u></u>

Another element of the reconciliation states that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Issuance of debt	\$ (67,685,000)
Premiums received on issuance of debt	(4,884,123)
Issuance of Capital Lease	(2,900,000)
Debt payments/refundings	28,770,000
Deferred amount on refunding	193,971
Capital lease payments	<u>2,304,280</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (44,200,872)</u></u>

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (CONTINUED)

Another element of the reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these differences are as follows:

Increase in net pension liability	\$ (19,823,876)
Increase in deferred outflows related to pensions	11,316,090
Decrease in deferred inflows related to pensions	<u>5,617,962</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (2,889,824)</u></u>
 Increase in total OPEB liability	 \$ (206,504)
Decrease in deferred outflows related to OPEB	(195,339)
Increase in deferred inflows related to OPEB	<u>(617,649)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (1,019,492)</u></u>
 Change in compensated absences	 \$ (470,304)
Amortization of bond premium/discount	1,384,657
Change in accrued interest	(431,060)
Amortization of deferred amount on refunding	<u>(707,390)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (224,097)</u></u>

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2019, the carrying amount of deposits was a debit balance of \$36,657,109, including \$2,060,165 in outstanding checks, and the respective bank balances totaled \$38,717,274. The City’s bank balances were fully insured or collateralized with securities held by the City’s agent in the City’s name and/or letters of credit.

Investments –

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

the value of the pool shares. The following page presents the change in the fair value of investments during the year ended September 30, 2019.

Fair value at September 30, 2019	\$ 300,597,612
Add: Proceeds of investments matured this fiscal year	276,502,790
Less: Cost of investments purchased this fiscal year	(288,852,725)
Less: Fair value at September 30, 2018	(287,503,032)
Change in fair value of investments	<u>\$ 744,645</u>

Reconciliation of cash and investments to the statement of net position amounts for cash and cash equivalents and investments is as follows:

Cash in banks	\$ 36,657,109
Investments	<u>300,597,612</u>
Total cash and investments	<u>\$ 337,254,721</u>
Statement of net position presentation:	
Cash and cash equivalents	\$ 24,021,563
Investments	204,472,671
Restricted assets -	
Cash and cash equivalents	28,224,533
Investments	<u>80,535,954</u>
Total cash and cash equivalents and investments	<u>\$ 337,254,721</u>

Following GASB Statement No. 72, "Fair Value Measurement and Application," the City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of September 30, 2019, the City has the recurring fair value measurements for U.S. Government securities of \$42,126,021 valued using quoted prices for similar assets in active markets (level 2 inputs).

	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
U. S. Government Securities	\$ 42,126,021	\$ 42,126,021	180
Certificates of Deposit	242,805,381	242,805,381	298
State Investment Pools	15,666,210	15,666,210	33
	<u>\$ 300,597,612</u>	<u>\$ 300,597,612</u>	

Portfolio weighted average maturity	268
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CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

In accordance with its investment policy, the City manages its interest rate risk by limiting the weighted average maturity of its portfolio to less than 540 days. The City's state investment pool investments are not subject to limitations, penalties, or restrictions on withdrawals.

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (PFIA)(Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

In addition, the funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance and any letters of credit that are pledged.

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The City's deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the year.
3. Interest Rate Risk – In compliance with the City's Investment Policy, as of September 30, 2019, the City minimized its interest rate risk in the portfolio by:
 - a) Limiting the weighted average maturity to 540 days;
 - b) Structuring the portfolio so that maturities meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity;
 - c) Monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by PFIA; and

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

- d) Investing operating funds primarily in short-term securities, money market mutual funds, money market accounts, or government investment pools.
- 4. Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2019, the City minimized credit risk losses due to default of security issuer or backer by:
 - a) Limiting investments to the safest rated securities. All the City’s purchased investments in U. S. Agencies were rated AA+ and Aaa by Standard & Poor’s and Moody’s respectively;
 - b) Using a registered investment advisor to provide investment and market advice; and
 - c) Diversifying the investment portfolio so that potential losses on individual securities were minimized.
- 5. Concentration Risk – The City invests in pools, certificates of deposit, money market funds, municipal bonds and U. S. Government Securities. State law authorizes the City to invest in obligations of the United States government and its agencies, commercial paper, money market funds, certificates of deposit of any state or federally chartered bank, obligations of states, agencies, counties, cities and other political subdivisions of any state not rated less than A or equivalent. All investments made in fiscal year 2019 were in the aforementioned categories.

Local Government Investment Pools

As of September 30, 2019, the City’s investments included TexPool, TexSTAR, and Texas Term TexasDAILY Investment Pools. The investment pools’ investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk. At September 30, 2019, \$6,440,128 was invested in TexPool, \$198,705 was invested in TexSTAR, and \$9,027,377 in TexasDAILY.

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act (PFIA) of 1987, as amended. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations or, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City’s investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

AAAm by Standard and Poor's. This rating indicates excellent safety and superior capacity to maintain principal value and limit exposure to loss.

Texas Short Term Asset Reserve program (TexSTAR) is a local government investment cooperative created under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the PFIA, specifically tailored to meet state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund maintains a maturity of 60 days or less, with a maximum of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of Texas PFIA for local government investment pools.

TexSTAR is co-administered by J.P. Morgan Investment Management Inc. and Hilltop Securities Inc. and is overseen by a five-member government board made up of three participants and one of each of the program's co-administrator or an affiliate. The responsibility of the board includes the ability to influence operations, designation of management, and accountability for fiscal matters. In addition, the pool has a Participant Advisory Board which provides input and feedback on the operations and direction of the program and Standard and Poor's reviews the pool on a weekly basis to ensure the pool's compliance with its rating requirements. TexSTAR uses amortized cost (which excludes unrealized gains and losses) rather than fair value to report net assets to compute share price. The fair value of the City's position in TexSTAR is the same as the value of TexSTAR shares.

TexasTERM Local Government Investment Pool (the "Pool") was established by the TexasTERM Common Investment Contract, in conformity with Chapters 791 (Interlocal Cooperation Act) and 2256 (Public Funds Investment Act) of the Texas Government Code. An elected Advisory Board is responsible for the overall management of the Pool, including formation and implementation of its investment and operating policies. The Pool is a non-taxable investment fund established for local governments. The Pool has not provided or obtained any legally binding guarantees to support the value of shares. All participation in the Pool is voluntary. The Pool is not required to register with the Securities and Exchange Commission (SEC) as an investment company.

The Pool's investment advisor and administrator is PFM Asset Management, LLC. The Pool offers a series of professionally managed portfolios that are available to government entities in the State of Texas. One of these portfolios, TexasDAILY, is a money market portfolio with daily liquidity that is rated AAAm by Standard & Poor's. TexasDAILY's investment objectives are to provide shareholders with as high a level of current income as is consistent with stability, safety of principal, and liquidity, and to maintain a stable net asset value (NAV) of \$1.00 per share. TexasDAILY is designed as an investment vehicle for bond proceeds and operating funds of municipalities located in Texas. PFM Fund Distributors, Inc., a wholly-owned subsidiary of PFM Asset Management LLC, serves as the fund's distributor.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. PROPERTY TAXES AND RECEIVABLES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson and Travis Central Appraisal Districts established appraisal values in accordance with requirements of the Texas Legislature.

The City Council levies taxes based upon the appraised values. Williamson County and Travis County bills and collects the City's property taxes.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2018 tax roll. The tax rate, based on total taxable assessed valuation of \$13,599,419,854 was \$0.420000 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.298130 and \$0.121870, respectively.

	General Fund	Debt Service Fund	Total
Current year levy	\$ 130,618	\$ 64,334	\$ 194,952
Prior years' levies	241,621	146,407	388,028
	372,239	210,741	582,980
Less - allowance for uncollectible taxes	(3,722)	(2,107)	(5,829)
	<u>\$ 368,517</u>	<u>\$ 208,634</u>	<u>\$ 577,151</u>

Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2019 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General Fund	Debt Service Fund	\$ 9,196	\$ 9,196
Governmental Funds		<u>\$ 9,196</u>	<u>\$ 9,196</u>

Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The City reports interfund transfers between many of its funds. These routine transfers are consistent with the activities of the funds.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. A summary of transfers between funds is shown below.

<u>Governmental Funds</u>	Transfers In	Transfers Out
General Fund -		
Water and Sewer Fund	\$ 3,775,000	\$ -
Self-Financed Construction Fund	-	16,938,728
Round Rock Transportation and Economic Development Corporation Fund	780,000	-
	<u>4,555,000</u>	<u>16,938,728</u>
Debt Service Fund -		
Round Rock Transportation and Economic Development Corporation Fund	4,908,705	-
Self-Financed Construction Fund	487,500	-
Nonmajor Governmental Funds	1,275,305	-
	<u>6,671,510</u>	<u>-</u>
Round Rock Transportation and Economic Development Corporation Fund -		
General Fund	-	780,000
Debt Service Fund	-	4,908,705
Self-Financed Construction Fund	-	2,203,500
Debt-Financed Capital Projects Fund	10,295,442	-
Nonmajor Governmental Funds	249	-
	<u>10,295,691</u>	<u>7,892,205</u>
Debt-Financed Capital Projects Fund -		
Round Rock Transportation and Economic Development Corporation Fund	-	10,295,691
Self-Financed Construction Fund	-	29,903
	<u>-</u>	<u>10,325,594</u>
Self-Financed Construction Fund -		
General Fund	16,938,728	-
Golf Course Fund	-	76,663
Debt Service Fund	-	487,500
Round Rock Transportation and Economic Development Corporation Fund	2,203,500	-
Debt-Financed Capital Projects Fund	29,903	-
Nonmajor Governmental Funds	741,098	-
	<u>19,913,229</u>	<u>564,163</u>
Governmental Funds -		
Debt Service Fund	-	1,275,305
Self-Financed Construction Fund	-	741,098
Nonmajor Governmental Funds	675,000	675,000
	<u>675,000</u>	<u>2,691,403</u>
Subtotal of Governmental Funds	<u>42,110,430</u>	<u>38,412,093</u>
<u>Proprietary Funds</u>		
Water and Sewer Fund -		
General Fund	-	3,775,000
	<u>-</u>	<u>3,775,000</u>
Golf Course Fund -		
Self-Financed Construction Fund	76,663	-
	<u>76,663</u>	<u>-</u>
Subtotal of Proprietary Funds	<u>76,663</u>	<u>3,775,000</u>
Total Transfers	<u>\$ 42,187,093</u>	<u>\$ 42,187,093</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. JOINT VENTURE

The City entered into a partnership with the cities of Leander and Cedar Park and formed Brushy Creek Regional Utility Authority (BCRUA). The BCRUA has the responsibility to provide reliable, cost effective sources of water. The City accounts for this partnership as a joint venture. Condensed financial statements for BCRUA are shown below. Financial statements may be obtained at the BCRUA, 221 East Main Street, Round Rock, Texas, 78664.

STATEMENT OF NET POSITION
As of September 30, 2019

	Total	City's Interest
<u>ASSETS</u>		
Cash and cash equivalents	\$ 26,216,034	\$ 9,097,040
Restricted investments	21,319,939	7,612,220
Capital assets	163,708,296	57,942,957
Total assets	<u>211,244,269</u>	<u>74,652,217</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>14,065,382</u>	<u>5,480,861</u>
<u>LIABILITIES</u>		
Accounts payable	1,709,778	340,514
Retainage payable	306,109	71,593
Current portion of bonds payable	6,100,000	1,985,000
Accrued bond interest payable	1,056,664	363,792
Total current liabilities	<u>9,172,551</u>	<u>2,760,899</u>
Noncurrent portion of bonds payable	188,157,957	62,350,849
Total liabilities	<u>197,330,508</u>	<u>65,111,748</u>
<u>NET POSITION</u>	<u>\$ 27,979,143</u>	<u>\$ 15,021,330</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the Year Ended September 30, 2019

	Total	City's Interest
Operating revenues	\$ 2,038,329	\$ 441,927
Interest expense	(6,453,393)	(2,200,245)
Other operating expenses	(5,763,349)	(1,697,310)
Other income	1,922,156	830,464
Changes in Net Position	<u>(8,256,257)</u>	<u>(2,625,164)</u>
Net position, October 1, 2018	23,149,202	13,306,933
Contribution of capital, net	13,086,198	4,339,561
Net position, September 30, 2019	<u>\$ 27,979,143</u>	<u>\$ 15,021,330</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	October 1, 2018	Additions/ Completions	Retirements/ Adjustments	September 30, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 87,134,480	\$ 17,117,509	\$ (268,942)	\$ 103,983,047
Construction in progress	25,562,146	87,818,083	(55,625,447)	57,754,782
Total capital assets not being depreciated	112,696,626	104,935,592	(55,894,389)	161,737,829
Capital assets being depreciated:				
Buildings and improvements	857,259,849	35,602,166	(15,734,700)	877,127,315
Equipment	86,966,226	6,739,285	(8,265,552)	85,439,959
Total capital assets being depreciated	944,226,075	42,341,451	(24,000,252)	962,567,274
Less accumulated depreciation for:				
Buildings and improvements	416,605,228	25,467,187	(15,680,112)	426,392,303
Equipment	63,760,517	7,953,502	(8,169,439)	63,544,580
Total accumulated depreciation	480,365,745	33,420,689	(23,849,551)	489,936,883
Total capital assets being depreciated, net	463,860,330	8,920,762	(150,701)	472,630,391
Governmental activities capital assets, net	<u>\$ 576,556,956</u>	<u>\$ 113,856,354</u>	<u>\$ (56,045,090)</u>	<u>\$ 634,368,220</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 8,452,956	\$ -	\$ -	\$ 8,452,956
Construction in progress	13,014,757	22,962,725	(19,660,393)	16,317,089
Total capital assets not being depreciated	21,467,713	22,962,725	(19,660,393)	24,770,045
Capital assets being depreciated:				
Buildings and improvements	503,897,547	28,274,626	(4,501,548)	527,670,625
Equipment	22,037,849	1,446,155	(487,728)	22,996,276
Total capital assets being depreciated	525,935,396	29,720,781	(4,989,276)	550,666,901
Less accumulated depreciation for:				
Building and improvements	190,346,052	16,561,312	(4,480,671)	202,426,693
Equipment	14,768,806	2,211,895	(487,728)	16,492,973
Total accumulated depreciation	205,114,858	18,773,207	(4,968,399)	218,919,666
Total capital assets being depreciated, net	320,820,538	10,947,574	(20,877)	331,747,235
Business-type activities capital assets, net	<u>\$ 342,288,251</u>	<u>\$ 33,910,299</u>	<u>\$ (19,681,270)</u>	<u>\$ 356,517,280</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 2,123,026
Public safety	5,223,774
Public works	19,352,202
Culture and recreation	6,721,687
Total depreciation expense – governmental activities	<u>\$ 33,420,689</u>

Business-Type Activities:

Water and sewer utility	\$ 18,303,211
Golf course	469,996
Total depreciation expense – business-type activities	<u>\$ 18,773,207</u>

Net Investment in Capital Assets

Detailed reconciliation of net investment in capital assets on the Government-wide Statement of Net Position for September 30, 2019 follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Total capital assets (net of accumulated depreciation)	\$ 634,368,220	\$ 356,517,280	\$ 990,885,500
Plus capital-related deferred outflows of resources	4,080,278	4,479,849	8,560,127
Less long-term debt	(279,205,433)	(79,510,797)	(358,716,230)
Plus unspent bond proceeds	41,247,071	2,359,809	43,606,880
Net investment in capital assets (net of related debt)	<u>\$ 400,490,136</u>	<u>\$ 283,846,141</u>	<u>\$ 684,336,277</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2019:

	Balance October 1, 2018	Additions	Refundings/ Retirements	Balance September 30, 2019	Due within one year
Governmental Activities					
General obligation bonds	\$ 162,820,000	\$ 12,210,000	\$ (23,625,000)	\$ 151,405,000	\$ 10,290,000
Certificates of obligation	25,520,000	34,165,000	(815,000)	58,870,000	845,000
Hotel tax revenue bonds	11,055,000	-	(630,000)	10,425,000	645,000
Sales tax revenue bonds	13,925,000	21,310,000	(3,700,000)	31,535,000	3,750,000
Plus deferred amount:					
For issuance premium	15,228,817	4,884,123	(2,063,553)	18,049,387	1,537,849
For issuance discount	(88,390)	-	13,679	(74,711)	(13,679)
Lease purchase payable	8,400,037	2,900,000	(2,304,280)	8,995,757	2,601,519
Compensated absences	7,454,994	5,465,150	(4,994,846)	7,925,298	5,309,950
Total governmental activities	<u>244,315,458</u>	<u>80,934,273</u>	<u>(38,119,000)</u>	<u>287,130,731</u>	<u>24,965,639</u>
Business-Type Activities					
Revenue bonds	76,430,000	-	(3,060,000)	73,370,000	3,180,000
Plus deferred amount:					
For issuance premium	6,567,070	-	(426,273)	6,140,797	331,408
Compensated absences	555,848	468,010	(439,120)	584,738	461,942
Total business-type activities	<u>83,552,918</u>	<u>468,010</u>	<u>(3,925,393)</u>	<u>80,095,535</u>	<u>3,973,350</u>
Total government	<u>\$ 327,868,376</u>	<u>\$ 81,402,283</u>	<u>\$ (42,044,393)</u>	<u>\$ 367,226,266</u>	<u>\$ 28,938,989</u>

The General Fund and Hotel/Motel Fund are responsible for liquidating the liability for compensated absences in the governmental activities and the Water and Sewer Fund and Drainage Fund are responsible for liquidating the liability for compensated absences in the business-type activities.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2019 is comprised of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
General Obligation Bonds:		
\$ 19,580,000 2011 refunding bonds due in annual installments of \$ 405,000 to \$ 1,885,000 through 2027; interest at 2.0% to 4.0%	\$ 8,670,000	\$ -
\$ 8,615,000 2013 refunding bonds due in annual installments of \$ 455,000 to \$ 925,000 through 2024; interest at 1.00% to 1.65%	3,235,000	-
\$ 10,465,000 2014A GO and refunding bonds due in annual installments of \$ 270,000 to \$ 1,740,000 through 2021; interest at 2.0% to 5.0%	2,390,000	-
\$ 66,885,000 2014 GO and refunding bonds due in annual installments of \$ -0- to \$ 4,790,000 through 2039; interest at 3.0% to 5.0%	64,895,000	-
\$ 32,465,000 2015 refunding bonds due in annual installments of \$ -0- to \$ 3,445,000 through 2032; interest at 4.0% to 5.0%	26,010,000	-
\$ 6,995,000 2016 refunding bonds due in annual installments of \$ -0- to \$ 755,000 through 2032; interest at 2.0% to 4.0%	5,410,000	-
\$ 28,585,000 2017 GO bonds due in annual installments of \$ -0- to \$ 1,945,000 through 2042; interest at 3.0% to 5.0%	28,585,000	-
\$ 12,210,000 2019 GO refunding bonds due in annual installments of \$ 1,330,000 to \$ 1,775,000 through 2027; interest at 3.0% to 5.0%	12,210,000	-
Total General Obligation Bonds	<u>151,405,000</u>	<u>-</u>
Certificates of Obligation:		
\$ 27,270,000 2014 Combination tax and revenue certificates of obligation due in installments of \$ 175,000 to \$ 1,700,000 through 2039; interest at 2.0% to 4.0%	24,705,000	-
\$ 6,915,000 2018 Combination tax and revenue certificates of obligation due in installments of \$ -0- to \$ 510,000 through 2038; interest at 3.0% to 5.0%	6,915,000	-
\$ 27,250,000 2019 Combination tax and revenue certificates of obligation due in installments of \$ -0- to \$ 1,740,000 through 2044; interest at 2.0% to 5.0%	27,250,000	-
Total Certificates of Obligation	<u>58,870,000</u>	<u>-</u>
Hotel Tax Revenue Bonds:		
\$ 7,715,000 2012 venue tax and hotel bonds due in annual installments of \$ 110,000 to \$ 590,000 through 2038; interest at 2.0% to 4.0%	7,005,000	-
\$ 4,455,000 2016 refunding bonds due in annual installments of \$ 30,000 to \$ 630,000 through 2025; interest at 2.0% to 4.0%	3,420,000	-
Total Hotel Tax Revenue Bonds	<u>10,425,000</u>	<u>-</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Sales Tax Revenue Bonds:		
\$ 10,930,000 2015 refunding bonds due in annual installments of \$ 1.75 to \$ 1.89 million through 2021 including interest at 1.56%	3,750,000	-
\$ 10,140,000 2017 refunding bonds due in annual installments of \$ 1.32 to \$ 1.92 million through 2023 including interest at 1.78%	6,475,000	-
\$ 21,310,000 2019 taxable bonds due in annual installments of \$ -0- to \$ 1.22 million through 2044; interest at 2.15% to 3.68%	<u>21,310,000</u>	<u>-</u>
Total Sales Tax Revenue Bonds	<u>31,535,000</u>	<u>-</u>
Utility System Revenue Bonds:		
\$ 8,000,000 2014 bonds due in annual installments of \$ -0- to \$ 585,000 through 2034; interest at 2.0% to 4.0%	-	6,695,000
\$ 35,185,000 2016 refunding bonds due in annual installments of \$ 155,000 to \$ 3,400,000 through 2035; interest at 2.0% to 5.0%	-	34,705,000
\$ 32,785,000 2017 refunding bonds due in annual installments of \$ 360,000 to \$ 4,265,000 through 2039; interest at 3.0 % to 5.0%	<u>-</u>	<u>31,970,000</u>
Total Utility System Revenue Bonds	<u>-</u>	<u>73,370,000</u>
Issuance premium	18,049,387	6,140,797
Issuance discount	(74,711)	-
Lease purchases payable:		
\$ 13,131,044 leases due in semi-annual installments including interest ranging from 1.325% - 2.9474% due in 2024. The lease obligation is funded with general revenue sources.	8,995,757	-
Compensated absences	<u>7,925,298</u>	<u>584,738</u>
Total Primary Government Debt	<u><u>\$ 287,130,731</u></u>	<u><u>\$ 80,095,535</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2019, including interest are as follows:

Governmental Activities:

<u>Year Ending September 30,</u>	<u>General and Certificates of Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,135,000	\$ 9,168,337	\$ 20,303,337
2021	11,395,000	8,456,856	19,851,856
2022	11,930,000	8,026,438	19,956,438
2023	12,575,000	7,511,431	20,086,431
2024	11,190,000	6,989,375	18,179,375
2025-2029	48,140,000	27,943,375	76,083,375
2030-2034	43,710,000	17,855,894	61,565,894
2035-2039	46,525,000	8,564,394	55,089,394
2040-2044	13,675,000	1,447,600	15,122,600
	<u>\$ 210,275,000</u>	<u>\$ 95,963,700</u>	<u>\$ 306,238,700</u>

<u>Year Ending September 30,</u>	<u>Hotel Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 645,000	\$ 364,955	\$ 1,009,955
2021	665,000	343,280	1,008,280
2022	690,000	317,505	1,007,505
2023	720,000	290,680	1,010,680
2024	745,000	262,780	1,007,780
2025-2029	2,400,000	1,014,150	3,414,150
2030-2034	2,335,000	667,550	3,002,550
2035-2038	2,225,000	182,300	2,407,300
	<u>\$ 10,425,000</u>	<u>\$ 3,443,200</u>	<u>\$ 13,868,200</u>

<u>Year Ending September 30,</u>	<u>Sales Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,750,000	\$ 818,254	\$ 4,568,254
2021	3,810,000	768,376	4,578,376
2022	2,350,000	704,716	3,054,716
2023	2,395,000	659,044	3,054,044
2024	1,075,000	611,709	1,686,709
2025-2029	5,795,000	2,641,584	8,436,584
2030-2034	3,450,000	1,950,995	5,400,995
2035-2039	4,055,000	1,339,209	5,394,209
2040-2044	4,855,000	549,240	5,404,240
	<u>\$ 31,535,000</u>	<u>\$ 10,043,127</u>	<u>\$ 41,578,127</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

<u>Year Ending September 30,</u>	<u>Lease Purchases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,601,519	\$ 165,007	\$ 2,766,526
2021	2,225,169	123,333	2,348,502
2022	2,037,029	78,193	2,115,222
2023	1,531,203	36,702	1,567,905
2024	600,837	8,675	609,512
	<u>\$ 8,995,757</u>	<u>\$ 411,910</u>	<u>\$ 9,407,667</u>

Business-Type Activities:

<u>Year Ending September 30,</u>	<u>Utility System Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,180,000	\$ 2,902,481	\$ 6,082,481
2021	3,325,000	2,748,581	6,073,581
2022	3,475,000	2,587,631	6,062,631
2023	3,530,000	2,426,631	5,956,631
2024	3,685,000	2,263,181	5,948,181
2025-2029	18,225,000	8,885,888	27,110,888
2030-2034	18,500,000	6,088,038	24,588,038
2035-2039	19,450,000	2,558,925	22,008,925
	<u>\$ 73,370,000</u>	<u>\$ 30,461,356</u>	<u>\$ 103,831,356</u>

In prior years, the City defeased certain revenue and general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2019, there are no bonds outstanding which have been reported as defeased.

Bond ordinances also provide for other limitations and restrictions. The City is in compliance with all significant limitations and restrictions contained in the various bond ordinances.

In November 2013, the voters authorized the issuance of general obligation bonds to fund capital assets of the general government. The full faith and credit of the City as well as the City's ad valorem taxing authority back general obligation bonds.

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Issued (*)</u>	<u>Unissued Balance</u>
Fire Department	11/5/2013	\$ 16,500,000	\$ 16,500,000	\$ -
Parks & Recreation	11/5/2013	56,500,000	56,500,000	-
Library	11/5/2013	23,200,000	1,500,000	21,700,000
Police & Fire	11/5/2013	27,400,000	27,400,000	-
		<u>\$ 123,600,000</u>	<u>\$ 101,900,000</u>	<u>\$ 21,700,000</u>

(*) "Amount issued" column is adjusted pursuant to rules used by the Texas Attorney General.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

The City may incur non-voted debt payments from or secured by its levy and collection of ad valorem taxes and other sources of revenue, including tax notes, public property finance contractual obligations, and leases for various purposes.

(1) UTILITY REVENUE BONDS

Utility revenue bonds are used to finance the acquisition and construction of major capital improvements to the City's water and sewer systems. The City is required by bond ordinances to pledge the net revenues of the waterworks and sewer system for the retirement of its outstanding revenue bonds, including interest thereon, and is required for such purposes to maintain debt service funds and bond reserve funds for all outstanding revenue bonds.

The debt service funds are restricted within the Enterprise Fund and require that net revenues of the City's waterworks and sewer system, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments which will accumulate to the semi-annual principal and interest requirements as they become due. For fiscal year 2019, net revenues available for debt service were 5.15 times the average annual debt service requirement.

The bond reserve funds for revenue bond retirement are also restricted within the Enterprise Fund. The City is in compliance with the requirement to maintain a combined reserve fund containing cash and investments in an amount equal to the average annual principal and interest requirements of all bonds then outstanding. The City also covenants under the bond indentures that reserve funds shall be invested in time deposits, certificates of deposit and direct or guaranteed obligations of the United States of America.

(2) HOTEL TAX REVENUE BONDS

Hotel occupancy tax revenue bonds were issued to fund the City's portion of the convention center complex. The debt service fund for the hotel tax revenue bonds, aggregating \$730,152 at September 30, 2019, is reported in the governmental funds. Bond covenants require that the hotel tax revenues be irrevocably pledged by providing quarterly installments, which will accumulate to the semi-annual principal and interest requirements as they become due.

The bond reserve fund for hotel tax revenue bond retirement aggregates \$853,642 at September 30, 2019. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires ½ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

(3) SALES TAX REVENUE BONDS

Sales tax revenue bonds have been issued to fund transportation improvements. The Round Rock Transportation and Economic Development Corporation (RRTEDC) issued the sales tax revenue bonds. RRTEDC is a blended component unit of the City of Round Rock, which collects ½ of 1% of the sales tax collected by the State on its behalf. Although RRTEDC is presented as a blended component unit, none of the City's assets are pledged to payment of the bonds. The bonds are secured solely by a pledge of the revenues of RRTEDC.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

The debt service fund for the sales tax revenue bonds, aggregating \$294,840 at September 30, 2019, is reported in the governmental funds. Bond covenants require that RRTEDC's share of the sales tax is pledged as security for the bonds. RRTEDC provides monthly installments that accumulate to the semi-annual principal and interest requirements as they become due.

A reserve fund was not established for these bonds. RRTEDC purchased bond insurance to provide for payment of the principal and interest requirements in the event that pledged revenues are not sufficient.

(4) 2018 & 2019 REFUNDING/ISSUANCE

In December 2018, the City issued \$6,915,000 in Combination Tax and Limited Revenue Certificates of Obligation, Series 2018. Proceeds from the sale of the Certificates will be used for (1) constructing, improving and equipping a public works facility for the City's utilities and transportation departments to be located on Luther Peterson Place and related costs, including the acquisition of any necessary easements or land and (2) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuance.

In May 2019, the City issued Combination Tax and Limited Revenue Certificates of Obligation, Series 2019, in the amount of \$27,250,000. The proceeds will be used for (1) constructing, improving, extending, expanding, upgrading and/or developing streets, roads, bridges, sidewalks, intersections, traffic signalization and other transportation improvement projects including related waterworks, sewer and drainage improvements, signage, landscaping, irrigation, purchasing any necessary rights-of-way and other related transportation costs, including but not limited to, Deepwood Drive, Gattis School Road, Kenney Fort Boulevard, Logan Street, McNeil Road, North Mays Street, Oakmont Drive, Old Settlers Boulevard, Red Bud Lane, Ranch-to-Market Road 620, SH45 Frontage Road, University Boulevard and Wyoming Springs Drive and (2) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuance.

Additionally, in May 2019, the City refunded portions of General Obligation Bonds. The net proceeds of the \$12,210,000 General Obligation Refunding Bonds plus the reoffering premium were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. The refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements. This is a current refunding and was recorded as an expenditure on the Statement of Revenues, Expenditures, and Change in Fund Balance.

This refunding reduced the total debt service payments over the next eight years by \$1,236,307 and resulted in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$1,118,709.

In August 2019, the RRTEDC issued \$21,310,000 in Senior Lien Sales Tax Revenue Bonds, Taxable Series 2019. The proceeds will be used for (1) designing and constructing a convention center facility, (2) capitalizing interest, and (3) paying the costs of issuing the bonds.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2019, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2018	\$ 7,454,994	\$ 555,848
Additions	5,465,150	468,010
Reductions	(4,994,846)	(439,120)
Balance, September 30, 2019	<u>\$ 7,925,298</u>	<u>\$ 584,738</u>

Accrued compensated absences due within one year were \$5,309,950 for governmental activities and \$461,942 for business-type activities. Liabilities for accrued compensated absences are funded from General Fund and Hotel/Motel Fund revenues for the governmental activities and Water and Sewer Fund program revenues for the business-type activities.

H. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2019:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service Fund	\$ 5,028,571	\$ -	\$ 208,634	\$ -	\$ -
Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund	3,615,655	29,087,426	-	1,485,315	109,560
Debt-Financed Capital Projects Fund	15,020,764	27,836,821	-	-	21,629
Other Governmental funds	281,192	2,262,152	-	-	8,032
Total Governmental Activities	<u>\$ 23,946,182</u>	<u>\$ 59,186,399</u>	<u>\$ 208,634</u>	<u>\$ 1,485,315</u>	<u>\$ 139,221</u>
	Cash & Cash Equivalents	Investments	Accounts Receivable	Accrued Interest Receivable	
Business-Type Activities:					
Water and Sewer Fund - Impact fees	\$ 1,633,315	\$ 13,139,785	\$ 91,860	\$ -	
Construction	993,236	8,209,770	-	-	
Customer deposits	1,451,232	-	-	-	
Revenue bond debt service	200,568	-	-	-	
Accrued interest receivable	-	-	-	75,347	
Total Business-Type Activities	<u>\$ 4,278,351</u>	<u>\$ 21,349,555</u>	<u>\$ 91,860</u>	<u>\$ 75,347</u>	

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

V. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Tax Collections

The City has a contract with the tax offices of Williamson and Travis counties to collect City taxes and deposit monies to the City's accounts. For this service, Williamson County was paid \$9,772 and Travis County was paid \$768 for the fiscal year ended September 30, 2019.

Commitments for Road Construction

The City's component unit, the Round Rock Transportation and Economic Development Corporation has entered into various commitments with the State of Texas, Department of Transportation and neighboring cities/counties relative to the construction of roadways.

Water Supply Agreements

On May 2, 1978, the City entered into the "Water Supply Contract" with the Brazos River Authority (BRA), providing the City the right to purchase 6,720 acre-feet of water per year from Lake Georgetown. A new agreement, "System Water Availability Agreement for Lake Georgetown" dated September 1, 2001, replaced that agreement. The new agreement revised the rate methodology from a tiered system rate, wherein rates change based upon the City's consumption, to a level system rate. For the fiscal year ended September 30, 2019, the City's cost under this contract was \$514,080.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the BRA, wherein it received the right to purchase 8,134 acre-feet of water per year from Stillhouse Hollow Lake. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996 "System Water Supply Agreement". These agreements were replaced with the "System Water Availability Agreement for Stillhouse Hollow Lake" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet of water per year at the new system rate. For the fiscal year ended September 30, 2019, the City's cost under this contract was \$1,387,251.

Effective September 1, 2001, the City entered into a "System Water Availability Agreement for Colorado River Basin Water" with the BRA, wherein it received reserved water rights for an additional 6,944 acre-feet of water. Two subsequent agreements granted Round Rock rights to 13,984 additional acre-feet of water per year from the Colorado River Basin. For the fiscal year ended September 30, 2019, the City's cost under these contracts was \$1,638,916.

Future annual charges under the Water Supply Agreements will be based upon the system rate periodically set by the BRA.

Regional Wastewater Project

In December 2009, the Cities of Round Rock, Austin and Cedar Park purchased the Brushy Creek Regional Wastewater System (BCRWWS) assets from the Lower Colorado River Authority and entered into a Master Contract for the Financing, Construction, Ownership and Operation of the BCRWWS. The Master Contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

In June 2010, the Cities of Round Rock, Austin and Cedar Park sold a share of the BCRWWS assets to the City of Leander, and all parties entered into the Amended and Restated Master Contract for the Financing, Construction, Ownership and Operation of the Brushy Creek Regional Wastewater System.

The BCRWWS treatment plant ownership is allocated based on the amount of reserved capacity each city has in the system. The system currently has a total treatment capacity of 24.5 MGD which is sufficient to meet future projected flows through 2023. The City of Round Rock's current reserved capacity in the system is 20.1 MGD, or 81.96%, of total treatment capacity. The BCRWWS East Plant is currently undergoing a 10 MGD expansion project of which 1.2 MGD will be allocated to the City of Round Rock. The design phase of the project was near completion at September 30, 2019. The construction phase of the project is estimated to begin in the summer of 2020 with an estimated completion early 2023.

The BCRWWS had been operated by the Brazos River Authority since 1997 on behalf of the cities. The Cities of Round Rock, Austin, Cedar Park and Leander entered into an interlocal agreement in July 2018 for the City of Round Rock to take over operations and maintenance of the BCRWWS effective October 1, 2018.

The cost of the BCRWWS operation and maintenance expenses are allocated based on each city's annual flow percentage into the system. For fiscal year ended September 30, 2019, the City of Round Rock's allocated share of operation and maintenance expenses was 70.05%.

Other

The City is a defendant in a number of lawsuits arising principally from claims against the City for alleged improper actions by City employees. It has been the City's experience that such actions are usually dismissed or settled for amounts substantially less than the claimed amounts. The City Attorney estimates that the potential claims against the City not covered by various insurance policies would not materially affect the financial condition of the City.

Arbitrage Rebate

Due to requirements of the Tax Reform Act of 1986, the City annually contracts for the computations of arbitrage rebate requirements for the City's various bond issues. At September 30, 2019, the potential rebate was calculated at \$0.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code, are not available to employees until termination of employment, retirement, death or an unforeseen emergency. A third-party administrator, Nationwide Retirement Solutions, administers contributions to the plan. Effective January 1997, and in compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries. In accordance with GASB Statement No. 32, the City

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Deferred Compensation Plan (Continued)

provides neither administrative services nor investment advice to the plans and therefore, no fiduciary relationship exists between the City and the deferred compensation plan.

Tax Abatements

The City of Round Rock negotiates property tax abatement agreements, property tax rebates, and sales tax rebates on an individual basis. Each agreement was negotiated under The Texas Property Redevelopment and Tax Abatement Act, Chapter 312, Tax Code, V.A.T.S. as amended, allowing localities to abate property taxes for economic development purposes which include business relocation, retention and expansion. Property must be located within a reinvestment zone to be eligible for a tax abatement, and agreements are limited to ten years in length. The abatement value can only be to the extent its value for that year exceeds its value for the year in which the agreement is executed. The City has an Abatement Recapture clause in all Tax Abatement Agreements in the event that the recipient does not fulfill the requirements of the agreement. The tax rebate program is for a period greater than ten years, and taxes paid are reimbursed back to the owner.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Economic Development Property Tax	\$ 135,899
 <u>Tax Rebate Program</u>	
Economic Development Property Tax	\$ 994,318
Sales Tax	9,473,395

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

B. RISK MANAGEMENT

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool (Pool). The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage and all billed premiums upon the coverage have been paid. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide reinsurance contracts through commercial companies. The Pool agrees to handle all liability, property and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

B. RISK MANAGEMENT (CONTINUED)

Self-Funded Health Insurance Fund

The City is self-insured for medical and dental claims. The self-insurance program is maintained in the Self-Funded Health Insurance Internal Service Fund. This program provides health benefit coverage in accordance with a pre-approved plan that establishes coverage limits per employee per year with unlimited health coverage benefits. The City purchases commercial insurance for claims in excess of a contractual City liability limit.

Additionally, commercial insurance covers claims in excess of an aggregate amount for the City up to \$1,000,000 per plan year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. The liability is estimated based upon claims settled within the next month. An analysis of claims activities is presented below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Ending Liability</u>
2017	\$ 736,653	\$ 10,077,914	\$ 10,067,501	\$ 747,066
2018	747,066	9,755,355	10,015,639	486,782
2019	486,782	11,412,211	11,313,542	585,451

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates as one of 887 plans in the non-traditional, joint contributory, hybrid defined benefit plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City is as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating
Supplemental death benefits for employees and retirees	Yes

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	324
Inactive employees entitled to but not yet receiving benefits	418
Active employees	947
Total	<u>1,689</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Since the City needs to know its contribution rates in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The City elected to contribute for calendar years 2018 and 2019 as follows:

	2018	2019
Total Retirement Rate	15.51%	15.33%
Supplemental Death Benefit	0.14	0.14
Total Combined Contribution	<u>15.65%</u>	<u>15.47%</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Accordingly, contributions to TMRS for the year ended September 30, 2019, were \$10,377,168, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2018, and the total pension liability (TPL) used to calculate NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:

TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-district RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the entry age normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5	6.10
Core Fixed Income	10.0	1.00
Non-Core Fixed Income	20.0	3.39
Real Return	10.0	3.78
Real Estate	10.0	4.44
Absolute Return	10.0	3.56
Private Equity	5.0	7.75
Total	100.0%	

Single Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2017	\$ 260,889,740	\$ 228,847,550	\$ 32,042,190
Changes for the year:			
Service cost	11,165,127	-	11,165,127
Interest	17,747,611	-	17,747,611
Difference between expected and actual experience	773,706	-	773,706
Changes of assumptions	-	-	-
Contributions – employer	-	9,753,253	(9,753,253)
Contributions – employee	-	4,406,956	(4,406,956)
Net investment income	-	(6,861,490)	6,861,490
Benefit payments, including refunds of employee contributions	(7,089,473)	(7,089,473)	-
Administrative expense	-	(132,486)	132,486
Other	-	(6,921)	6,921
Net changes	22,596,971	69,839	22,527,132
Balance at December 31, 2018	\$ 283,486,711	\$ 228,917,389	\$ 54,569,322

As previously disclosed, the assumed interest rate of return used by GRS is 6.75%. As of December 31, 2018, TMRS recognized an investment return of (2.11%). This, in turn, resulted in a net increase of \$22,527,132 in the City's NPL. TMRS is a long-term investor, and losses in some years are expected. Portfolio diversification helps mitigate losses over time, and actuarial smoothing of assets reduced the contribution rate volatility that would otherwise be associated with gains and losses based on a single year's investment performance. A loss in the portfolio does not affect member or retiree benefits.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's Net Pension Liability	\$ 100,366,670	\$ 54,569,322	\$ 17,468,568

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2019, the City recognized pension expense of \$13,661,060. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 1,464,308	\$ 254,307
Difference between projected and actual investment earnings	11,813,864	-
Changes in actuarial assumptions used to determine pension liability	-	442,261
Pension contributions after measurement date	8,215,444	-
Total	<u>\$ 21,493,616</u>	<u>\$ 696,568</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$8,215,444 will be recognized as a reduction of the NPL for the measurement year ending December 31, 2019 (i.e., recognized in the City's financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	\$ 4,063,009
2020	1,718,280
2021	1,931,143
2022	4,735,737
2023	133,435
Thereafter	-
Total	<u>\$ 12,581,604</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions

The City participates in funding two OPEB plans. One plan is the Supplemental Death Benefits Fund (SDBF) administered by TMRS. The other is medical and prescription drug coverage offered to retirees and their dependents and is a self-funded health insurance plan.

SDBF: TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City has elected, by ordinance, to provide group-term life insurance coverage (supplemental death benefits) to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year, to be effective the following January 1. The retiree portion of the SDBF is considered a single-employer plan.

Self-Funded Health Insurance: The City offers its retirees and their dependents medical and prescription drug coverage until age 65. This benefit includes access to medical, dental, and vision insurance. The plans are the same as the active plans. The retirees are required to make significantly higher contributions than the actives. However, these higher contributions still do not fully cover the cost of the retirees on a stand-alone basis, thus generating a retiree medical liability. Once a member becomes eligible for Medicare at age 65, he/she is no longer eligible for benefits. This significantly limits the number of retirees on the plan, the benefits paid during the life of a retiree and consequently, the liability. This plan is also considered a single-employer defined benefit OPEB plan.

Benefits Provided

SDBF: Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). Retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. The City offers supplemental death benefits to both active employees and retirees.

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Self-Funded Health Insurance: All retirees who are eligible to receive pension benefits under the City's pension system and, for retirees, have at least five years of service with the City at the time of their retirement are eligible for OPEB. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse and unmarried children dependent on the retiree for support. The children covered include children under age 26 and eligible disabled children beyond 26 years of age, if covered prior to age 26. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries, or until they are Medicare eligible. A surviving spouse of a deceased retiree may continue dental and/or vision coverage for 36 months by paying the entire premium plus a 2 percent administrative fee.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

SDBF:

Inactive employees currently receiving benefits	262
Inactive employees entitled to but not yet receiving benefits	133
Active employees	947
Total	<u>1,342</u>

Self-Funded Health Insurance:

Inactive employees (retirees)	30
Active employees	908
Total	<u>938</u>

Contributions

SDBF: The City contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance and represents 0.14% of required contributions. The City's contributions to SDBF for the years ended 2019, 2018, and 2017 were \$14,528, \$13,337, and \$11,778, respectively, which equaled the required contributions each year. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The retiree-only portion of the SDBF rate was 0.02% both for the years ended 2019 - 2017.

Self-Funded Health Insurance: OPEB are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense and corresponding revenue in the Internal Service Fund (self-funded health insurance). Medical, dental and life insurance premiums are reported in this fund.

The City is under no obligation, statutory or otherwise, to offer OPEB or to pay any portion of the cost of OPEB to any retirees or their dependents. Allocation of City funds to pay OPEB or to make OPEB available is determined on an annual basis by the City Council as part of the budget approval process.

Total OPEB Liability

For the fiscal year ended September 30, 2019, the City recognized a total OPEB liability of \$16,508,486, \$1,906,330 of which was for the SDBF, and \$14,602,156 for the Self-Funded Health Insurance plan. Both were measured as of December 31, 2018 and were determined by an actuarial valuation as of that date.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions:

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

	SDBF	Self-Funded Health Insurance
Inflation	2.5%	2.5%
Salary increases	3.5% to 10.5% including inflation	3.0%
Discount rate**	3.71%	3.71%
Healthcare cost trend rate	None	10% / 5% / 0.5%
Retirees' share of benefit-related costs	\$0	Varies based on plan elected and years of service
Actuarial cost method***	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Mortality	<p>For service retirees: based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB</p> <p>For disabled retirees: based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females</p>	Mortality rates were based on the RP-2014 Dynamic Table projected using MP-2017
Development of claims	None	Retiree medical and pharmacy claims were projected to the following fiscal year and age-adjusted to age 65. A composite retiree contribution was netted out. That net age-65 cost was then averaged with the trended, age-65 cost from the prior valuation to smooth out any fluctuations. That average then was allocated to all pre-65 ages using the same age factors.

** Because this plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the total OPEB liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

*** This method develops the annual cost of the plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

liability is calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

Specific to the self-funded health insurance plan, at the time the employee enters the plan (usually at date of hire), the present value of future benefits is set equal to the present value of future normal costs. Instead of the normal costs being a level dollar amount, they are set as a level percent of salary. The accrued liability then is just the present value of past normal costs brought forward from the entry date to the measurement date.

SDBF: The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Changes in the Total OPEB Liability

	SDBF	Self-Funded Health Insurance	Total
Balance at December 31, 2017	\$ 1,947,763	\$ 14,326,059	\$ 16,273,822
Changes for the year:			
Service cost	106,813	886,296	993,109
Interest	66,031	498,983	565,014
Differences between expected and actual experience	(41,694)	-	(41,694)
Changes in assumptions or other inputs	(160,017)	(643,572)	(803,589)
Benefit payments	(12,566)	(465,610)	(478,176)
Net changes	(41,433)	276,097	234,664
Balance at December 31, 2018	<u>\$ 1,906,330</u>	<u>\$ 14,602,156</u>	<u>\$ 16,508,486</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City, calculated using the discount rate of 3.71% for each plan, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current discount rate:

	1% Decrease 2.71%	Current Discount Rate 3.71%	1% Increase 4.71%
SDBF	\$ 2,341,478	\$ 1,906,330	\$ 1,574,987
Self-Funded Health Insurance	16,532,363	14,602,156	12,965,407

The following table presents the total OPEB liability of the City, calculated using the healthcare trend rate of 10% to 5%, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (9% to 4%) or 1-percentage-point higher (11% to 6%) than the current healthcare trend rate:

	1% Decrease (9% to 4%)	Healthcare Trend Rate (10% to 5%)	1% Increase (11% to 6%)
Self-Funded Health Insurance	\$ 12,937,370	\$ 14,602,156	\$ 16,554,696

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended September 30, 2019, the City recognized total OPEB expense of \$1,158,513, \$155,928 of which was for the SDBF, and \$1,002,585 for the Self-Funded Health Insurance plan. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	SDBF	Self-Funded Health Insurance	Total	SDBF	Self-Funded Health Insurance	Total
Difference between expected and actual economic experience	\$ 128,067	\$ -	\$ 128,067	\$ 36,014	\$ 79,551	\$ 115,565
Changes in assumptions and other inputs	-	554,041	554,041	138,216	545,166	683,382
OPEB contributions after measurement date	10,279	293,252	303,531	-	-	-
Total	\$ 138,346	\$ 847,293	\$ 985,639	\$ 174,230	\$ 624,717	\$ 798,947

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$303,531 will be recognized as a reduction of the total OPEB for the measurement year ending December 31, 2019 (i.e., recognized in the City's financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources	
	SDBF	Self-Funded Health Insurance
2019	\$ (3,498)	\$ 6,107
2020	(3,498)	6,107
2021	(3,498)	6,107
2022	(3,498)	6,107
2023	(3,498)	6,107
Thereafter	(28,673)	(101,211)
Total	<u>\$ (46,163)</u>	<u>\$ (70,676)</u>

E. ECONOMIC DEVELOPMENT PROGRAM AGREEMENT

Crow Group Series, LLC

On July 26, 2018, the City entered into an Economic Development Program Agreement with Crow Group Series, LLC (Crow) to promote economic development as contemplated by Chapter 380 of the Texas Local Government Code whereby Crow intends to construct, develop and operate three Class A office buildings containing a total of approximately 125,000 square feet of office, parking, and related space (the "project"). Crow intends to invest approximately \$24 million in improvements to the property and the City agreed to provide funding through an economic development loan for \$2.2 million to defray a portion of the Project's costs. Upon certain milestones, portions of the loan shall be forgiven in accordance with the development agreement. The project consists of three phases. Phase 1 was completed March 2018 and is currently in the process of being leased. Phase 2 is in the planning and permitting phase with the final phase to be completed by 2023.

F. MUNICIPAL GOLF COURSE

Management Agreement

Management of the City's golf course has been performed by a private operator in accordance with the terms of a Management Agreement since 1989. The current Management Agreement has an initial term of three years that shall automatically renew for two additional 1-year terms. The agreement began on January 1, 2017. The first 1-year renewal period will begin January 1, 2020. The contract will then continue automatic 1-year renewal terms unless one of the parties chooses to terminate. Under conditions set forth

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

V. OTHER INFORMATION (CONTINUED)

F. MUNICIPAL GOLF COURSE (CONTINUED)

in the Management Agreement, the operator shall be paid a monthly base management fee. Additionally, the operator may earn an annual incentive management fee based upon gross receipts of the golf course.

G. SUBSEQUENT EVENTS

The City of Round Rock has evaluated subsequent events after the statement of net position date of September 30, 2019 through February 3, 2020, the date these financial statements were available to be issued and determined that no significant events occurred that warrant disclosure.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019
(UNAUDITED)

Texas Municipal Retirement System Plan (TMRS)
Schedule of Changes in the Net Pension Liability and Related Ratios

Measurement period ending December 31,	2014	2015	2016
<u>Total Pension Liability</u>			
Service cost	\$ 8,066,254	\$ 8,990,916	\$ 9,609,823
Interest (on the Total Pension Liability)	13,330,143	14,481,391	15,065,206
Difference between expected and actual experience	(50,055)	(662,530)	704,655
Change of assumptions	-	(1,208,085)	-
Benefit payments, including refunds of employee contributions	(5,231,094)	(5,493,451)	(5,706,408)
Net Change in Total Pension Liability	16,115,248	16,108,241	19,673,276
Total Pension Liability - Beginning	189,013,034	205,128,282	221,236,523
Total Pension Liability - Ending (a)	<u>\$ 205,128,282</u>	<u>\$ 221,236,523</u>	<u>\$ 240,909,799</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	\$ 7,787,328	\$ 8,195,714	\$ 8,302,118
Contributions - Employee	3,423,287	3,644,800	3,779,341
Net investment income	8,955,552	252,867	12,021,503
Benefit payments, including refunds of employee contributions	(5,231,094)	(5,493,451)	(5,706,408)
Administrative expense	(93,479)	(154,001)	(135,695)
Other	(7,685)	(7,607)	(7,311)
Net Change in Plan Fiduciary Net Position	14,833,909	6,438,322	18,253,548
Plan Fiduciary Net Position - Beginning	156,512,946	171,346,855	177,785,177
Plan Fiduciary Net Position - Ending (b)	<u>171,346,855</u>	<u>177,785,177</u>	<u>196,038,725</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 33,781,427</u>	<u>\$ 43,451,346</u>	<u>\$ 44,871,074</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.53%	80.36%	81.37%
Covered Payroll	\$ 48,839,040	\$ 51,731,390	\$ 53,776,289
Net Pension Liability as a Percentage of Covered Payroll	69.17%	83.99%	83.44%

Notes to Schedule:

- 1) No significant factors noted to disclose.
- 2) No significant methods and assumptions to disclose.
- 3) Schedule will be built out to 10 years.

See Independent Auditors' Report.

<u>2017</u>	<u>2018</u>
\$ 10,430,650	\$ 11,165,127
16,360,878	17,747,611
671,908	773,706
-	-
<u>(7,483,495)</u>	<u>(7,089,473)</u>
19,979,941	22,596,971
<u>240,909,799</u>	<u>260,889,740</u>
<u>\$ 260,889,740</u>	<u>\$ 283,486,711</u>
\$ 9,138,705	\$ 9,753,253
4,113,985	4,406,956
27,187,574	(6,861,490)
(7,483,495)	(7,089,473)
(140,808)	(132,486)
<u>(7,136)</u>	<u>(6,921)</u>
32,808,825	69,839
<u>196,038,725</u>	<u>228,847,550</u>
<u>228,847,550</u>	<u>228,917,389</u>
<u>\$ 32,042,190</u>	<u>\$ 54,569,322</u>
87.72%	80.75%
\$ 58,533,388	\$ 62,831,331
54.74%	86.85%

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019
(UNAUDITED)

Texas Municipal Retirement System Plan (TMRS)
Schedule of Contributions

Fiscal year ending September 30,	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 8,077,742	\$ 8,507,987	\$ 8,897,294	\$ 9,582,199	\$ 10,313,421
Contributions in relation to the actuarially determined contribution	8,193,478	8,739,633	9,059,953	9,618,245	10,377,168
Contribution deficiency (excess)	<u>\$ (115,736)</u>	<u>\$ (231,646)</u>	<u>\$ (162,659)</u>	<u>\$ (36,046)</u>	<u>\$ (63,747)</u>
Covered payroll	\$ 51,159,783	\$ 54,924,766	\$ 57,346,696	\$ 61,743,107	\$ 67,091,746
Contributions as a percentage of covered payroll	16.02%	15.91%	15.80%	15.57%	15.46%

Notes to Schedule of Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year. Schedule will be built out to ten years.

See Independent Auditors' Report.

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019
(UNAUDITED)

Supplemental Death Benefit Fund and Self-Funded Health Insurance
Schedule of Changes in the Total OPEB Liability and Related Ratios

Measurement period ending December 31,	2017		2018	
<i>Total OPEB liability</i>	SDBF	Self-Funded Health Insurance	SDBF	Self-Funded Health Insurance
Service Cost	\$ 87,800	\$ 837,881	\$ 106,813	\$ 886,296
Interest	63,146	477,714	66,031	498,983
Changes in assumptions or other inputs	176,033	798,106	(160,017)	(643,572)
Differences between expected and actual experience	-	(114,595)	(41,694)	-
Benefit payments	(11,707)	(431,570)	(12,566)	(465,610)
Net change in total OPEB liability	315,272	1,567,536	(41,433)	276,097
Total OPEB liability - beginning	1,632,491	12,758,523	1,947,763	14,326,059
Total OPEB liability - ending	<u>\$ 1,947,763</u>	<u>\$ 14,326,059</u>	<u>\$ 1,906,330</u>	<u>\$ 14,602,156</u>
Covered payroll	\$ 58,533,338	\$ 58,533,388	\$ 62,831,331	\$ 62,831,331
Total OPEB liability as a percentage of covered payroll	3.33%	24.5%	3.03%	23.2%

Notes to Schedule:

- 1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- 2) No significant methods and assumptions to disclose.
- 3) Schedule will be built out to 10 years.

See Independent Auditors' Report.



NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds account for specific resources, other than major capital projects that are restricted to expenditures for specified purposes.

Community Development Block Grant Fund – To account for grant monies received for programs benefiting persons of low to moderate income.

Hotel - Motel Occupancy Tax Fund – To account for the levy and use of the 7% hotel – motel bed tax received. Proceeds from this tax are to be used toward tourism, community events, cultural enhancements, ongoing repairs, maintenance and capital improvements to the City-owned Dell Diamond, a minor league baseball stadium and conference center, and for promotion of the City.

Hotel - Motel Occupancy Venue Tax Fund – To account for the levy and use of the 2% hotel – motel bed venue tax received. Proceeds from this tax are to be used toward the construction and maintenance of the sports center that prompts tourism and promotion of the City.

Library and Recreational Fund – To account for amounts received through the City's landscape ordinance, contributions and general government resources designated for library and recreational programs of the City.

Public Safety Fund – To account for amounts received through child safety fines, court security, court technology fees, and drug enforcement actions, some of which promote traffic safety programs.

Public Education & Government Fund – To account for amounts received for programs to provide public education in government.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Library and Recreational
ASSETS				
Cash and cash equivalents	\$ -	\$ 122,216	\$ 583,203	\$ 748,584
Investments	-	983,208	4,666,443	6,010,175
Receivables -				
Accounts and other	-	507,739	119,505	-
Accrued interest	-	3,193	16,453	21,091
Grants	135,358	-	-	-
Restricted Assets -				
Restricted cash	-	281,192	-	-
Restricted investments	-	2,262,152	-	-
Restricted accrued interest	-	8,032	-	-
Total assets	<u>\$ 135,358</u>	<u>\$ 4,167,732</u>	<u>\$ 5,385,604</u>	<u>\$ 6,779,850</u>
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 135,358	\$ 153,576	\$ 65,800	\$ 113,211
Accrued payroll	-	10,163	26,644	9,041
Unearned revenue	-	-	-	1,148,859
Total liabilities	<u>135,358</u>	<u>163,739</u>	<u>92,444</u>	<u>1,271,111</u>
Fund balances -				
Restricted - authorized construction	-	2,489,771	-	-
Restricted - hotel-motel tax	-	1,514,222	5,293,160	-
Restricted - public safety	-	-	-	-
Restricted - general government	-	-	-	-
Committed - general government	-	-	-	883,883
Committed - capital projects funds	-	-	-	2,986,322
Assigned - culture and recreation	-	-	-	1,638,534
Total fund balances	<u>-</u>	<u>4,003,993</u>	<u>5,293,160</u>	<u>5,508,739</u>
Total liabilities and fund balances	<u>\$ 135,358</u>	<u>\$ 4,167,732</u>	<u>\$ 5,385,604</u>	<u>\$ 6,779,850</u>

<u>Public Safety</u>	<u>Public Education & Government</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 115,044	\$ 158,643	\$ 1,727,690
925,508	1,276,263	13,861,597
-	-	627,244
2,792	4,471	48,000
-	-	135,358
-	-	281,192
-	-	2,262,152
-	-	8,032
<u>\$ 1,043,344</u>	<u>\$ 1,439,377</u>	<u>\$ 18,951,265</u>
\$ 17,843	\$ -	\$ 485,788
-	-	45,848
-	-	1,148,859
<u>17,843</u>	<u>-</u>	<u>1,680,495</u>
-	-	2,489,771
-	-	6,807,382
1,025,501	-	1,025,501
-	1,439,377	1,439,377
-	-	883,883
-	-	2,986,322
-	-	1,638,534
<u>1,025,501</u>	<u>1,439,377</u>	<u>17,270,770</u>
<u>\$ 1,043,344</u>	<u>\$ 1,439,377</u>	<u>\$ 18,951,265</u>

CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2019

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Library and Recreational
Revenues -				
Taxes and franchise	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	675,497
Charges for services	-	-	1,344,878	734,479
Fines and forfeitures	-	-	-	-
Grants	662,482	-	-	-
Hotel occupancy tax	-	4,669,796	1,330,651	-
Contributions	-	-	-	153,241
Investment and other	4,439	199,747	133,693	2,727,288
Total revenues	<u>666,921</u>	<u>4,869,543</u>	<u>2,809,222</u>	<u>4,290,505</u>
Expenditures -				
Current -				
General government	258,966	-	-	36,043
Public safety	-	-	-	-
Culture and recreation	-	1,677,392	1,891,174	1,096,597
Capital projects	407,955	1,768,150	-	146,661
Total expenditures	<u>666,921</u>	<u>3,445,542</u>	<u>1,891,174</u>	<u>1,279,301</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,424,001</u>	<u>918,048</u>	<u>3,011,204</u>
Other financing sources (uses) -				
Transfers in	-	-	-	675,000
Transfers out	-	(2,322,823)	(368,580)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,322,823)</u>	<u>(368,580)</u>	<u>675,000</u>
Net change in fund balances	<u>-</u>	<u>(898,822)</u>	<u>549,468</u>	<u>3,686,204</u>
Fund balances, October 1, 2018	<u>-</u>	<u>4,902,815</u>	<u>4,743,692</u>	<u>1,822,535</u>
Fund balances, September 30, 2019	<u>\$ -</u>	<u>\$ 4,003,993</u>	<u>\$ 5,293,160</u>	<u>\$ 5,508,739</u>

<u>Public Safety</u>	<u>Public Education & Government</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 218,740	\$ 218,740
-	-	675,497
-	-	2,079,357
389,328	-	389,328
-	-	662,482
-	-	6,000,447
-	-	153,241
33,334	32,525	3,131,026
<u>422,662</u>	<u>251,265</u>	<u>13,310,118</u>
65,829	80,121	440,959
81,989	-	81,989
-	-	4,665,163
-	-	2,322,766
<u>147,818</u>	<u>80,121</u>	<u>7,510,877</u>
<u>274,844</u>	<u>171,144</u>	<u>5,799,241</u>
-	-	675,000
-	-	(2,691,403)
-	-	(2,016,403)
274,844	171,144	3,782,838
750,657	1,268,233	13,487,932
<u>\$ 1,025,501</u>	<u>\$ 1,439,377</u>	<u>\$ 17,270,770</u>



**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

**GENERAL, DEBT SERVICE
AND NONMAJOR SPECIAL REVENUE FUNDS**

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts			Variance -	
	Original	Final	Actual	Positive (Negative)	2018 Actual
Revenues -					
Taxes and franchise -					
Property tax	\$ 37,300,000	\$ 37,300,000	\$ 37,631,725	\$ 331,725	\$ 34,559,009
Penalty and interest	70,000	70,000	92,609	22,609	83,884
Sales tax	50,665,000	50,735,202	52,802,373	2,067,171	52,396,862
Franchise	6,760,000	6,760,000	7,188,438	428,438	6,921,541
Bingo tax	38,000	38,000	37,287	(713)	29,654
Mixed drink tax	550,000	550,000	660,548	110,548	617,589
Total taxes and franchise	95,383,000	95,453,202	98,412,980	2,959,778	94,608,539
Licenses, permits and fees -					
Building permits	653,000	653,000	819,618	166,618	810,291
Other permits	47,900	47,900	55,273	7,373	54,165
Fees	878,650	878,650	1,152,852	274,202	1,056,257
Total licenses, permits, and fees	1,579,550	1,579,550	2,027,743	448,193	1,920,713
Charges for services -					
Trash collection fees	1,233,000	1,233,000	1,257,873	24,873	1,130,295
Swimming pool fees	1,313,000	1,313,000	1,143,192	(169,808)	1,133,890
Recreation program fees	2,206,852	2,206,852	2,274,643	67,791	2,375,512
Filing and reproduction fees	25,000	25,000	26,540	1,540	27,643
Other	55,500	55,500	134,858	79,358	79,249
Total charges for services	4,833,352	4,833,352	4,837,106	3,754	4,746,589
Fines and forfeitures	1,243,000	1,243,000	1,763,981	520,981	1,322,339
Grants	1,238,903	1,738,903	2,171,405	432,502	2,006,282
Investment and other -					
Investment income	550,000	550,000	1,433,232	883,232	926,562
Other	4,656,830	4,656,830	4,963,960	307,130	4,979,142
Total investment and other	5,206,830	5,206,830	6,397,192	1,190,362	5,905,704
Total revenues	109,484,635	110,054,837	115,610,407	5,555,570	110,510,166
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	14,507,652	13,469,915	13,161,816	308,099	12,550,174
Contractual services	5,511,115	5,441,115	4,813,044	628,071	4,450,050
Supplies and materials	776,273	792,273	763,828	28,445	715,953
Other services and charges	2,625,715	2,590,715	2,127,194	463,521	2,034,636
Capital outlay	100,000	100,000	75,720	24,280	80,523
Total executive	23,520,755	22,394,018	20,941,602	1,452,416	19,831,336

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance -	2018
	Original	Final	Actual	Positive (Negative)	Actual
Expenditures - (cont'd)					
Current - (cont'd)					
General government (cont'd)					
Judicial -					
Personnel services	\$ 831,694	\$ 861,412	\$ 860,827	\$ 585	\$ 719,115
Contractual services	43,748	86,348	86,053	295	48,265
Supplies and materials	15,340	15,340	10,507	4,833	13,858
Other services and charges	11,695	11,695	8,284	3,411	8,833
Total judicial	902,477	974,795	965,671	9,124	790,071
Total general government	24,423,232	23,368,813	21,907,273	1,461,540	20,621,407
Public safety					
Police -					
Personnel services	28,139,514	28,572,164	28,572,067	97	27,026,608
Contractual services	936,867	870,867	869,521	1,346	900,446
Supplies and materials	1,568,071	1,467,091	1,466,238	853	1,812,931
Other services and charges	1,309,296	1,326,296	1,326,150	146	1,126,745
Capital outlay	50,432	49,912	46,209	3,703	66,650
Total police	32,004,180	32,286,330	32,280,185	6,145	30,933,380
Fire -					
Personnel services	20,262,856	20,945,374	20,945,352	22	18,843,906
Contractual services	497,635	545,890	545,887	3	392,545
Supplies and materials	1,129,537	1,453,600	1,453,568	32	1,461,641
Other services and charges	520,857	740,102	739,990	112	1,158,083
Capital outlay	-	16,938	16,896	42	49,696
Total fire	22,410,885	23,701,904	23,701,693	211	21,905,871
Total public safety	54,415,065	55,988,234	55,981,878	6,356	52,839,251
Public works					
Administration -					
Personnel services	4,265,060	3,974,971	3,974,951	20	3,698,509
Contractual services	439,635	350,135	159,259	190,876	183,863
Supplies and materials	975,594	975,594	937,392	38,202	876,520
Other services and charges	2,170,264	2,170,264	1,989,006	181,258	1,748,809
Capital outlay	-	-	-	-	19,750
Total administration	7,850,553	7,470,964	7,060,608	410,356	6,527,451
Streets -					
Personnel services	2,611,529	2,505,481	2,426,689	78,792	2,164,602
Contractual services	2,395,047	2,455,047	1,997,296	457,751	2,112,012
Supplies and materials	888,103	828,103	627,321	200,782	723,362
Other services and charges	46,672	46,672	7,919	38,753	21,620
Capital outlay	186,000	186,000	143,194	42,806	130,025
Total streets	6,127,351	6,021,303	5,202,419	818,884	5,151,621

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance -	2018
	Original	Final	Actual	Positive (Negative)	Actual
Expenditures - (cont'd)					
Current - (cont'd)					
Public works (cont'd)					
Maintenance shop -					
Personnel services	\$ 1,329,365	\$ 1,411,030	\$ 1,410,180	\$ 850	\$ 1,281,516
Contractual services	46,303	46,303	37,044	9,259	41,908
Supplies and materials	229,734	131,134	118,791	12,343	122,802
Other services and charges	16,025	28,625	28,562	63	17,569
Capital outlay	20,000	20,000	18,828	1,172	10,071
Total maintenance shop	1,641,427	1,637,092	1,613,405	23,687	1,473,866
Total public works	15,619,331	15,129,359	13,876,432	1,252,927	13,152,938
Culture and recreation					
Library -					
Personnel services	2,214,158	2,262,277	2,261,141	1,136	2,087,192
Contractual services	143,597	138,062	125,377	12,685	127,981
Supplies and materials	368,016	355,951	331,743	24,208	342,063
Other services and charges	210,714	228,314	207,318	20,996	208,302
Total library	2,936,485	2,984,604	2,925,579	59,025	2,765,538
Parks and recreation -					
Personnel services	8,319,691	8,812,996	8,812,967	29	8,103,391
Contractual services	1,788,644	1,690,944	1,690,709	235	1,612,161
Supplies and materials	1,614,532	1,646,832	1,646,811	21	1,560,419
Other services and charges	315,965	392,365	392,289	76	336,173
Capital outlay	97,000	86,000	80,379	5,621	55,177
Total parks and recreation	12,135,832	12,629,137	12,623,155	5,982	11,667,321
Total culture and recreation	15,072,317	15,613,741	15,548,734	65,007	14,432,859
Total expenditures	109,529,945	110,100,147	107,314,317	2,785,830	101,046,455
Excess (deficiency) of revenues over expenditures	(45,310)	(45,310)	8,296,090	8,341,400	9,463,711
Other financing sources (uses) -					
Transfers in	4,555,000	4,555,000	4,555,000	-	3,573,858
Transfers out	(12,722,193)	(16,938,728)	(16,938,728)	-	(9,547,141)
Total other financing sources (uses)	(8,167,193)	(12,383,728)	(12,383,728)	-	(5,973,283)
Net change in fund balances	\$ (8,212,503)	\$ (12,429,038)	(4,087,638)	\$ 8,341,400	3,490,428
Fund balance, October 1, 2018			53,812,512		50,322,084
Fund balance, September 30, 2019			\$ 49,724,874		\$ 53,812,512

CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise	\$ 19,497,448	\$ 19,497,448	\$ 19,630,066	\$ 132,618
Investment and other	70,000	70,000	415,316	345,316
Total revenues	19,567,448	19,567,448	20,045,382	477,934
Expenditures				
Debt service -				
Principal retirement	20,249,323	20,249,323	17,792,363	2,456,960
Interest and fiscal charges	6,282,120	8,616,675	8,616,675	-
Payment to refunding agent	-	13,758,972	13,758,972	-
Issuance costs	-	181,869	181,869	-
Total expenditures	26,531,443	42,806,839	40,349,879	2,456,960
Excess (deficiency) of revenues over expenditures	(6,963,995)	(23,239,391)	(20,304,497)	2,934,894
Other financing sources (uses) -				
Issuance of refunding bonds	-	12,210,000	12,210,000	-
Issuance of premium	-	1,588,845	1,588,845	-
Transfers in	750,000	6,671,510	6,671,510	-
Total other financing sources (uses)	750,000	20,470,355	20,470,355	-
Net change in fund balances	\$ (6,213,995)	\$ (2,769,036)	165,858	\$ 2,934,894
Fund balance, October 1, 2018			4,853,517	
Fund balance, September 30, 2019			\$ 5,019,375	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Grants	\$ 662,482	\$ 662,482	\$ 662,482	\$ -
Investment and other	4,439	4,439	4,439	-
Total revenues	666,921	666,921	666,921	-
Expenditures -				
Current -				
General government-				
General government	73,805	73,805	73,805	-
Supplies and materials	61,074	61,074	61,074	-
Other services and charges	124,087	124,087	124,087	-
Capital outlay	407,955	407,955	407,955	-
Total expenditures	666,921	666,921	666,921	-
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balance, October 1, 2018			-	
Fund balance, September 30, 2019			\$ -	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY TAX FUND
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Hotel occupancy tax	\$ 4,300,000	\$ 4,300,000	\$ 4,669,796	\$ 369,796
Investment and other	35,000	35,000	199,747	164,747
Total revenues	<u>4,335,000</u>	<u>4,335,000</u>	<u>4,869,543</u>	<u>534,543</u>
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	367,656	452,756	452,658	98
Contractual services	763,140	675,540	597,536	78,004
Supplies and materials	31,174	122,674	68,071	54,603
Other services and charges	841,526	841,526	619,907	221,619
Capital outlay	-	2,509,860	1,707,370	802,490
Total expenditures	<u>2,003,496</u>	<u>4,602,356</u>	<u>3,445,542</u>	<u>1,156,814</u>
Excess (deficiency) of revenues over expenditures	<u>2,331,504</u>	<u>(267,356)</u>	<u>1,424,001</u>	<u>1,691,357</u>
Other financing sources (uses) -				
Transfers out	<u>(2,943,725)</u>	<u>(5,014,823)</u>	<u>(2,322,823)</u>	<u>2,692,000</u>
Total other financing sources (uses)	<u>(2,943,725)</u>	<u>(5,014,823)</u>	<u>(2,322,823)</u>	<u>2,692,000</u>
Net change in fund balances	<u>\$ (612,221)</u>	<u>\$ (5,282,179)</u>	<u>(898,822)</u>	<u>\$ 4,383,357</u>
Fund balance, October 1, 2018			<u>4,902,815</u>	
Fund balance, September 30, 2019			<u>\$ 4,003,993</u>	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY VENUE TAX FUND
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Charges for services	\$ 1,215,000	\$ 1,215,000	\$ 1,344,878	\$ 129,878
Hotel occupancy tax	1,230,000	1,230,000	1,330,651	100,651
Investment and other	80,000	80,000	133,693	53,693
Total revenues	<u>2,525,000</u>	<u>2,525,000</u>	<u>2,809,222</u>	<u>284,222</u>
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	1,258,872	1,228,872	1,209,932	18,940
Contractual services	273,762	235,962	235,940	22
Supplies and materials	282,852	350,652	349,405	1,247
Other services and charges	59,218	77,718	77,323	395
Capital outlay	50,000	50,074	18,574	31,500
Total expenditures	<u>1,924,704</u>	<u>1,943,278</u>	<u>1,891,174</u>	<u>52,104</u>
Excess (deficiency) of revenues over expenditures	<u>600,296</u>	<u>581,722</u>	<u>918,048</u>	<u>336,326</u>
Other financing sources (uses) -				
Transfers out	<u>(368,580)</u>	<u>(368,580)</u>	<u>(368,580)</u>	<u>-</u>
Total other financing sources (uses)	<u>(368,580)</u>	<u>(368,580)</u>	<u>(368,580)</u>	<u>-</u>
Net change in fund balances	<u>\$ 231,716</u>	<u>\$ 213,142</u>	549,468	<u>\$ 336,326</u>
Fund balance, October 1, 2018			<u>4,743,692</u>	
Fund balance, September 30, 2019			<u>\$ 5,293,160</u>	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LIBRARY AND RECREATIONAL
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Licenses, permits and fees	\$ 35,000	\$ 35,000	\$ 675,497	\$ 640,497
Charges for services	343,494	433,494	734,479	300,985
Contributions	4,000	4,000	153,241	149,241
Investment and other	133,710	133,710	2,727,288	2,593,578
Total revenues	516,204	606,204	4,290,505	3,684,301
Expenditures -				
Current-				
Culture and recreation-				
Personnel services	447,712	481,368	450,871	30,497
Contractual services	179,646	179,646	153,112	26,534
Supplies and materials	531,534	531,534	444,094	87,440
Other services and charges	52,272	52,272	29,093	23,179
Capital outlay	50,000	491,916	202,131	289,785
Total expenditures	1,261,164	1,736,736	1,279,301	457,435
Excess (deficiency) of revenues over expenditures	(744,960)	(1,130,532)	3,011,204	4,141,736
Other financing sources (uses) -				
Transfers in	675,000	675,000	675,000	-
Total other financing sources (uses)	675,000	675,000	675,000	-
Net change in fund balances	\$ (69,960)	\$ (455,532)	3,686,204	\$ 4,141,736
Fund balance, October 1, 2018			1,822,535	
Fund balance, September 30, 2019			\$ 5,508,739	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SAFETY
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Fines and forfeitures	\$ 107,000	\$ 107,000	\$ 389,328	\$ 282,328
Investment and other	3,600	3,600	33,334	29,734
Total revenues	110,600	110,600	422,662	312,062
Expenditures -				
Current-				
General government-				
Other services and charges	414,243	414,243	52,235	362,008
Supplies and materials	24,050	24,050	13,594	10,456
Total general government	438,293	438,293	65,829	372,464
Public safety-				
Other services and charges	143,012	127,824	10,438	117,386
Capital outlay	163,112	178,300	71,551	106,749
Total public safety	306,124	306,124	81,989	224,135
Total expenditures	744,417	744,417	147,818	596,599
Excess (deficiency) of revenues over expenditures	(633,817)	(633,817)	274,844	908,661
Other financing sources (uses) -				
Transfers out	(52,000)	(52,000)	-	52,000
Total other financing sources (uses)	(52,000)	(52,000)	-	52,000
Net change in fund balances	<u>\$ (685,817)</u>	<u>\$ (685,817)</u>	274,844	<u>\$ 960,661</u>
Fund balance, October 1, 2018			<u>750,657</u>	
Fund balance, September 30, 2019			<u>\$ 1,025,501</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC EDUCATION & GOVERNMENT FUND
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>			Variance- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues -				
Taxes and franchise	\$ 240,000	\$ 240,000	\$ 218,740	\$ (21,260)
Investment and other	<u>11,000</u>	<u>11,000</u>	<u>32,525</u>	<u>21,525</u>
Total revenues	<u>251,000</u>	<u>251,000</u>	<u>251,265</u>	<u>265</u>
Expenditures -				
Current -				
General Government-				
Capital outlay	<u>1,583,298</u>	<u>1,583,298</u>	<u>80,121</u>	<u>1,503,177</u>
Total expenditures	<u>1,583,298</u>	<u>1,583,298</u>	<u>80,121</u>	<u>1,503,177</u>
Net change in fund balances	<u>\$ (1,332,298)</u>	<u>\$ (1,332,298)</u>	171,144	<u>\$ 1,503,442</u>
Fund balance, October 1, 2018			<u>1,268,233</u>	
Fund balance, September 30, 2019			<u>\$ 1,439,377</u>	



STATISTICAL SECTION



ROUND ROCK TEXAS



**CITY OF ROUND ROCK, TEXAS
STATISTICAL SECTION
(UNAUDITED)**

This part of the City of Round Rock’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City’s overall financial health. This information has not been audited by the independent auditors.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	138
Revenue Capacity	
These schedules contain information to help the reader assess the City’s significant local revenue sources, the property and sales tax.	148
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City’s currently outstanding debt and the City’s ability to issue additional debt in the future.	158
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	167
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information contained in the City’s financial report relates to the services the City provides and the activities it performs.	169

Sources: Unless otherwise noted, the information in these schedules is derived from the City’s comprehensive annual financial reports for the relevant year.

CITY OF ROUND ROCK, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities-				
Net investment in capital assets	\$ 248,153,129	\$ 245,403,528	\$ 252,984,681	\$ 295,777,997
Restricted	61,882,505	66,810,986	72,780,050	42,970,091
Unrestricted	<u>76,111,460</u>	<u>77,864,804</u>	<u>76,870,782</u>	<u>74,833,175</u>
Total governmental activities net position	<u>\$ 386,147,094</u>	<u>\$ 390,079,318</u>	<u>\$ 402,635,513</u>	<u>\$ 413,581,263</u>
Business-type activities-				
Net investment in capital assets	\$ 210,960,047	\$ 213,536,543	\$ 212,883,311	\$ 214,178,908
Restricted	9,125,932	11,984,130	13,994,028	6,868,062
Unrestricted	<u>85,930,757</u>	<u>95,693,542</u>	<u>104,985,805</u>	<u>116,650,981</u>
Total business-type activities net position	<u>\$ 306,016,736</u>	<u>\$ 321,214,215</u>	<u>\$ 331,863,144</u>	<u>\$ 337,697,951</u>
Primary government-				
Net investment in capital assets	\$ 459,113,176	\$ 458,940,071	\$ 465,867,992	\$ 509,956,905
Restricted	71,008,437	78,795,116	86,774,078	49,838,153
Unrestricted	<u>162,042,217</u>	<u>173,558,346</u>	<u>181,856,587</u>	<u>191,484,156</u>
Total primary government net position	<u><u>\$ 692,163,830</u></u>	<u><u>\$ 711,293,533</u></u>	<u><u>\$ 734,498,657</u></u>	<u><u>\$ 751,279,214</u></u>

Source: Comprehensive Annual Financial Reports

Notes: The City implemented GASB Statement No. 68 in 2015. As a result, net position for 2014 was restated. The City implemented GASB Statement No. 75 in 2018. As a result, net position for 2017 was restated.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 303,977,353	\$ 299,730,557	\$ 310,185,706	\$ 356,586,425	\$ 373,007,353	\$ 400,490,136
43,974,370	48,019,726	51,813,118	48,954,352	48,357,161	44,334,128
<u>44,713,408</u>	<u>53,355,360</u>	<u>52,451,939</u>	<u>29,054,168</u>	<u>28,585,838</u>	<u>28,918,565</u>
<u>\$ 392,665,131</u>	<u>\$ 401,105,643</u>	<u>\$ 414,450,763</u>	<u>\$ 434,594,945</u>	<u>\$ 449,950,352</u>	<u>\$ 473,742,829</u>
\$ 221,062,599	\$ 228,866,895	\$ 234,981,264	\$ 245,005,044	\$ 268,467,171	\$ 283,846,141
7,764,750	19,215,972	15,275,659	19,800,722	22,628,600	24,343,881
<u>114,901,064</u>	<u>110,519,279</u>	<u>126,490,054</u>	<u>126,634,362</u>	<u>138,980,320</u>	<u>146,681,470</u>
<u>\$ 343,728,413</u>	<u>\$ 358,602,146</u>	<u>\$ 376,746,977</u>	<u>\$ 391,440,128</u>	<u>\$ 430,076,091</u>	<u>\$ 454,871,492</u>
\$ 525,039,952	\$ 528,597,452	\$ 545,166,970	\$ 601,591,469	\$ 641,474,524	\$ 684,336,277
51,739,120	67,235,698	67,088,777	68,755,074	70,985,761	68,678,009
<u>159,614,472</u>	<u>163,874,639</u>	<u>178,941,993</u>	<u>155,688,530</u>	<u>167,566,158</u>	<u>175,600,035</u>
<u>\$ 736,393,544</u>	<u>\$ 759,707,789</u>	<u>\$ 791,197,740</u>	<u>\$ 826,035,073</u>	<u>\$ 880,026,443</u>	<u>\$ 928,614,321</u>

CITY OF ROUND ROCK, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses:				
Governmental activities-				
General government	\$ 27,064,905	\$ 28,487,648	\$ 30,406,768	\$ 27,923,780
Public safety	36,688,203	39,140,352	40,944,978	41,842,363
Public works	29,053,781	36,442,333	29,295,041	31,215,489
Culture and recreation	14,260,057	14,514,561	15,069,456	15,702,435
Interest on long-term debt	9,394,116	8,608,399	7,144,755	6,915,772
Issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities expenses	<u>116,461,062</u>	<u>127,193,293</u>	<u>122,860,998</u>	<u>123,599,839</u>
Business-type activities-				
Water and sewer utility	37,623,591	38,602,875	38,842,107	42,657,792
Golf course	<u>192,595</u>	<u>174,149</u>	<u>157,135</u>	<u>141,153</u>
Total business-type activities expenses	<u>37,816,186</u>	<u>38,777,024</u>	<u>38,999,242</u>	<u>42,798,945</u>
Total primary government expenses	<u>154,277,248</u>	<u>165,970,317</u>	<u>161,860,240</u>	<u>166,398,784</u>
Program revenues:				
Governmental activities-				
Charges for services-				
General government	3,927,379	3,519,857	3,104,355	2,822,715
Public safety	4,150,577	4,295,283	4,215,243	3,248,867
Public works	836,169	2,032,530	2,760,386	2,942,382
Culture and recreation	2,531,989	3,136,422	2,737,969	2,844,842
Operating grants and contributions	932,879	1,130,628	1,135,386	829,367
Capital grants and contributions	<u>7,634,857</u>	<u>9,257,876</u>	<u>9,782,214</u>	<u>5,310,541</u>
Total governmental activities program revenues	<u>20,013,850</u>	<u>23,372,596</u>	<u>23,735,553</u>	<u>17,998,714</u>
Business-type activities-				
Charges for services-				
Water and sewer utility	37,512,213	44,922,715	43,327,656	43,094,185
Golf course	349,424	431,413	480,116	522,169
Capital grants and contributions	<u>6,014,265</u>	<u>9,518,890</u>	<u>7,533,264</u>	<u>6,514,369</u>
Total business-type activities program revenues	<u>43,875,902</u>	<u>54,873,018</u>	<u>51,341,036</u>	<u>50,130,723</u>
Total primary government program revenues	<u>63,889,752</u>	<u>78,245,614</u>	<u>75,076,589</u>	<u>68,129,437</u>
Net (expense) revenue-				
Governmental activities	(96,447,212)	(103,820,697)	(99,125,445)	(105,601,125)
Business-type activities	<u>6,059,716</u>	<u>16,095,994</u>	<u>12,341,794</u>	<u>7,331,778</u>
Total primary government net expense	<u>\$ (90,387,496)</u>	<u>\$ (87,724,703)</u>	<u>\$ (86,783,651)</u>	<u>\$ (98,269,347)</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 28,050,936	\$ 27,917,481	\$ 28,204,761	\$ 24,441,262	\$ 23,408,887	\$ 26,894,586
45,283,826	45,236,987	49,439,902	52,243,460	57,987,997	64,196,001
33,537,533	33,412,841	33,448,357	34,359,785	47,120,999	36,261,500
18,024,001	19,202,557	20,885,009	24,130,067	25,218,145	27,821,410
8,478,700	8,118,490	8,294,279	8,075,351	8,415,687	8,525,551
-	942,596	229,245	423,510	-	967,009
<u>133,374,996</u>	<u>134,830,952</u>	<u>140,501,553</u>	<u>143,673,435</u>	<u>162,151,715</u>	<u>164,666,057</u>
44,605,155	46,069,705	47,947,818	49,400,833	51,749,727	54,388,260
<u>71,090</u>	<u>144,993</u>	<u>133,270</u>	<u>1,857,334</u>	<u>1,642,036</u>	<u>2,399,582</u>
<u>44,676,245</u>	<u>46,214,698</u>	<u>48,081,088</u>	<u>51,258,167</u>	<u>53,391,763</u>	<u>56,787,842</u>
<u>178,051,241</u>	<u>181,045,650</u>	<u>188,582,641</u>	<u>194,931,602</u>	<u>215,543,478</u>	<u>221,453,899</u>
2,559,380	2,168,842	2,258,333	19,778,439	2,273,091	3,189,150
2,652,480	2,461,782	1,669,550	1,478,161	1,762,172	2,298,635
726,785	749,524	742,437	607,398	693,223	1,347,815
3,032,109	3,288,970	3,919,254	5,133,816	5,489,515	5,649,283
1,042,301	1,199,574	946,604	1,202,810	2,574,008	2,987,128
<u>5,901,038</u>	<u>4,234,018</u>	<u>8,013,039</u>	<u>5,958,205</u>	<u>18,206,390</u>	<u>9,914,802</u>
<u>15,914,093</u>	<u>14,102,710</u>	<u>17,549,217</u>	<u>34,158,829</u>	<u>30,998,399</u>	<u>25,386,813</u>
43,705,878	45,898,090	48,653,788	51,980,615	55,139,117	56,951,931
382,081	320,846	360,371	733,883	299,761	1,971,887
<u>10,226,302</u>	<u>17,742,568</u>	<u>19,607,086</u>	<u>15,642,381</u>	<u>30,495,633</u>	<u>21,854,780</u>
<u>54,314,261</u>	<u>63,961,504</u>	<u>68,621,245</u>	<u>68,356,879</u>	<u>85,934,511</u>	<u>80,778,598</u>
<u>70,228,354</u>	<u>78,064,214</u>	<u>86,170,462</u>	<u>102,515,708</u>	<u>116,932,910</u>	<u>106,165,411</u>
(117,460,903)	(120,728,242)	(122,952,336)	(109,514,606)	(131,153,316)	(139,279,244)
<u>9,638,016</u>	<u>17,746,806</u>	<u>20,540,157</u>	<u>17,098,712</u>	<u>32,542,748</u>	<u>23,720,756</u>
<u>\$ (107,822,887)</u>	<u>\$ (102,981,436)</u>	<u>\$ (102,412,179)</u>	<u>\$ (92,415,894)</u>	<u>\$ (98,610,568)</u>	<u>\$ (115,558,488)</u>

(CONTINUED)

CITY OF ROUND ROCK, TEXAS
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General revenues and other changes in net position:				
Governmental activities-				
Taxes-				
Property	\$ 33,040,085	\$ 33,578,991	\$ 34,379,529	\$ 34,979,578
Franchise	5,934,540	6,221,790	6,326,735	5,952,712
Sales	59,545,288	61,734,643	63,305,917	66,216,447
Hotel occupancy	2,291,326	2,684,046	3,252,542	4,140,920
Public service	327,723	352,159	316,320	347,846
Investment earnings and other	1,365,802	988,222	1,635,630	2,026,554
Transfers	<u>2,106,589</u>	<u>2,193,070</u>	<u>2,464,967</u>	<u>2,882,818</u>
Total governmental activities	<u>104,611,353</u>	<u>107,752,921</u>	<u>111,681,640</u>	<u>116,546,875</u>
Business-type activities-				
Investment earnings	1,731,860	1,294,555	772,102	1,385,847
Transfers	<u>(2,106,589)</u>	<u>(2,193,070)</u>	<u>(2,464,967)</u>	<u>(2,882,818)</u>
Total business-type activities	<u>(374,729)</u>	<u>(898,515)</u>	<u>(1,692,865)</u>	<u>(1,496,971)</u>
Total primary government	<u>104,236,624</u>	<u>106,854,406</u>	<u>109,988,775</u>	<u>115,049,904</u>
Change in net position:				
Governmental activities	8,164,141	3,932,224	12,556,195	10,945,750
Business-type activities	<u>5,684,987</u>	<u>15,197,479</u>	<u>10,648,929</u>	<u>5,834,807</u>
Total primary government	<u>\$ 13,849,128</u>	<u>\$ 19,129,703</u>	<u>\$ 23,205,124</u>	<u>\$ 16,780,557</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 36,502,409	\$ 39,932,573	\$ 44,239,067	\$ 49,107,424	\$ 54,082,288	\$ 57,396,623
6,460,448	7,255,212	7,175,948	7,103,548	7,140,940	7,407,178
68,462,292	67,620,848	67,340,120	64,209,719	72,861,565	75,690,767
4,646,208	5,083,556	5,407,667	5,515,163	5,714,235	6,000,447
477,606	515,778	566,712	627,164	647,243	697,835
1,882,139	5,020,786	7,957,942	8,201,944	9,024,223	12,180,534
<u>1,800,895</u>	<u>3,740,000</u>	<u>3,610,000</u>	<u>3,492,871</u>	<u>(2,961,771)</u>	<u>3,698,337</u>
<u>120,231,997</u>	<u>129,168,753</u>	<u>136,297,456</u>	<u>138,257,833</u>	<u>146,508,723</u>	<u>163,071,721</u>
1,397,321	866,927	1,214,674	2,289,777	3,131,444	4,772,982
<u>(1,800,895)</u>	<u>(3,740,000)</u>	<u>(3,610,000)</u>	<u>(3,492,871)</u>	<u>2,961,771</u>	<u>(3,698,337)</u>
<u>(403,574)</u>	<u>(2,873,073)</u>	<u>(2,395,326)</u>	<u>(1,203,094)</u>	<u>6,093,215</u>	<u>1,074,645</u>
<u>119,828,423</u>	<u>126,295,680</u>	<u>133,902,130</u>	<u>137,054,739</u>	<u>152,601,938</u>	<u>164,146,366</u>
2,771,094	8,440,511	13,345,120	28,743,227	15,355,407	23,792,477
<u>9,234,442</u>	<u>14,873,733</u>	<u>18,144,831</u>	<u>15,895,618</u>	<u>38,635,963</u>	<u>24,795,401</u>
<u>\$ 12,005,536</u>	<u>\$ 23,314,244</u>	<u>\$ 31,489,951</u>	<u>\$ 44,638,845</u>	<u>\$ 53,991,370</u>	<u>\$ 48,587,878</u>

CITY OF ROUND ROCK, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ -	\$ 288,758	\$ 321,044	\$ 375,087
<i>Restricted for-</i>				
Debt service	1,944,761	2,238,270	2,301,340	2,415,427
Authorized construction	88,064,514	88,021,123	81,424,206	43,630,036
Hotel-motel tax	7,314,509	8,114,729	8,927,441	9,549,082
Public safety	862,273	1,024,405	937,105	1,249,246
General government	-	-	-	-
<i>Committed to-</i>				
General government	158,990	901,229	911,674	865,493
Capital projects funds	33,739,591	35,731,396	35,645,374	31,856,334
Streets and drainage	-	573,809	1,179,777	1,570,994
Culture and recreation	11,176	11,239	6,625	10,530
<i>Assigned to-</i>				
Culture and recreation	571,705	542,779	248,771	283,518
<i>Unassigned</i>	<u>36,857,155</u>	<u>36,238,854</u>	<u>36,912,381</u>	<u>38,604,781</u>
Total governmental funds	<u>\$ 169,524,674</u>	<u>\$ 173,686,591</u>	<u>\$ 168,815,738</u>	<u>\$ 130,410,528</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 397,271	\$ 430,821	\$ 372,288	\$ 232,004	\$ 253,592	\$ 226,190
2,278,062	2,351,780	2,749,645	3,880,982	4,853,517	5,019,375
106,539,802	117,515,606	77,545,478	81,086,426	62,649,029	72,690,649
11,173,765	10,934,476	12,653,710	6,526,672	7,863,705	6,807,382
1,050,349	1,274,293	676,724	585,878	750,657	1,025,501
-	-	-	1,269,075	1,268,233	1,439,377
684,199	856,977	1,081,159	124,703	232,243	883,883
26,570,024	24,696,122	24,865,777	28,397,665	21,934,876	28,971,259
-	1,145,826	1,152,195	-	-	-
12,438	322,576	293,694	-	-	-
264,662	272,666	212,080	1,004,583	1,274,658	1,638,534
<u>38,726,365</u>	<u>50,277,389</u>	<u>52,427,796</u>	<u>50,090,080</u>	<u>53,558,920</u>	<u>49,498,684</u>
<u>\$ 187,696,937</u>	<u>\$ 210,078,532</u>	<u>\$ 174,030,546</u>	<u>\$ 173,198,068</u>	<u>\$ 154,639,430</u>	<u>\$ 168,200,834</u>

CITY OF ROUND ROCK, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues-				
Taxes and franchise	\$ 98,990,298	\$ 101,914,916	\$ 104,318,270	\$ 107,417,612
Licenses, permits and fees	907,705	2,155,358	3,094,983	3,567,437
Charges for services	3,767,565	3,985,634	4,198,815	4,436,779
Fines and forfeitures	2,260,401	2,492,261	2,814,987	3,208,637
Grants	3,953,092	3,302,276	2,158,621	1,225,195
Hotel occupancy tax	2,291,326	2,684,046	3,252,543	4,140,920
Contributions	972,641	3,282,812	5,858,346	2,567,327
Investment and other	<u>3,652,629</u>	<u>3,786,134</u>	<u>2,635,613</u>	<u>3,565,842</u>
Total revenues	<u>116,795,657</u>	<u>123,603,437</u>	<u>128,332,178</u>	<u>130,129,749</u>
Expenditures-				
General government	22,874,155	24,346,515	25,332,577	23,783,735
Public safety	34,539,844	36,556,318	37,646,821	39,475,791
Public works	9,565,430	8,797,799	9,791,618	11,852,443
Culture and recreation	11,157,995	11,336,602	11,958,179	12,440,948
Debt service-				
Principal retirement	11,456,810	11,815,968	13,040,604	12,852,059
Interest and fiscal charges	9,097,057	8,072,821	6,825,065	6,797,281
Payment to refunding agent	-	-	-	-
Other charges	1,327,989	247,433	256,373	98,630
Capital projects	<u>21,184,635</u>	<u>22,981,288</u>	<u>39,916,082</u>	<u>65,523,775</u>
Total expenditures	<u>121,203,915</u>	<u>124,154,744</u>	<u>144,767,319</u>	<u>172,824,662</u>
Excess of revenues over (under) expenditures	<u>(4,408,258)</u>	<u>(551,307)</u>	<u>(16,435,141)</u>	<u>(42,694,913)</u>
Other financing sources (uses)-				
Issuance of debt	18,575,000	16,145,000	27,295,000	8,615,000
Issuance of lease	1,310,569	1,372,023	500,000	1,000,000
Issuance of premium	1,387,593	223,248	1,317,881	-
Payment to refunded bond escrow agent	(19,682,356)	(16,083,357)	(20,616,784)	(8,509,756)
Transfers in	24,459,490	27,752,457	34,447,300	49,547,722
Transfers out	<u>(21,290,586)</u>	<u>(24,696,147)</u>	<u>(31,379,109)</u>	<u>(46,363,263)</u>
Total other financing sources (uses)	<u>4,759,710</u>	<u>4,713,224</u>	<u>11,564,288</u>	<u>4,289,703</u>
Net change in fund balances	<u>\$ 351,452</u>	<u>\$ 4,161,917</u>	<u>\$ (4,870,853)</u>	<u>\$ (38,405,210)</u>
Capital outlay including amounts reported under departmental current expenditures	<u>\$ 22,684,310</u>	<u>\$ 23,932,697</u>	<u>\$ 41,282,292</u>	<u>\$ 67,059,226</u>
Debt service as a percentage of noncapital expenditures	20.9%	19.8%	19.2%	18.6%

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 111,592,909	\$ 115,508,506	\$ 119,211,433	\$ 121,142,245	\$ 134,637,978	\$ 141,150,180
1,243,857	1,704,374	1,843,633	1,646,077	2,037,211	2,703,240
4,645,527	4,513,428	5,172,465	6,307,377	6,563,868	6,916,463
2,673,670	2,451,316	1,573,476	1,440,795	1,616,922	2,153,309
3,044,095	1,679,993	990,683	2,950,833	9,511,022	3,822,463
4,646,208	5,083,556	5,407,667	5,515,163	5,714,235	6,000,447
3,152,100	600,919	368,748	931,601	2,335,783	4,670,671
4,783,567	7,207,478	7,963,854	8,253,614	9,260,526	12,728,177
<u>135,781,933</u>	<u>138,749,570</u>	<u>142,531,959</u>	<u>148,187,705</u>	<u>171,677,545</u>	<u>180,144,950</u>
24,375,794	23,838,520	24,394,392	21,055,932	23,744,730	22,423,018
42,306,841	43,067,272	44,388,881	47,595,884	52,839,347	56,063,867
11,291,499	12,328,284	12,062,839	12,682,503	14,748,037	15,077,947
13,775,702	14,766,040	15,078,964	17,219,700	18,513,216	20,213,897
14,395,697	13,919,366	13,463,922	13,287,160	14,325,970	17,792,363
7,372,652	8,597,372	9,641,498	8,306,767	9,244,645	8,616,675
-	-	-	10,050,443	-	13,758,972
862,888	942,596	229,245	423,510	-	967,009
38,694,239	33,476,554	65,414,999	63,268,686	59,809,511	90,837,258
<u>153,075,312</u>	<u>150,936,004</u>	<u>184,674,740</u>	<u>193,890,585</u>	<u>193,255,456</u>	<u>245,751,006</u>
<u>(17,293,379)</u>	<u>(12,186,434)</u>	<u>(42,142,781)</u>	<u>(45,702,880)</u>	<u>(21,577,911)</u>	<u>(65,606,056)</u>
77,350,000	70,665,000	11,450,000	38,725,000	-	67,685,000
1,450,000	2,000,000	2,250,000	-	5,981,044	2,900,000
6,161,887	6,369,020	1,094,690	2,652,531	-	4,884,123
(11,682,994)	(48,205,991)	(12,309,895)	-	-	-
32,984,237	27,070,865	30,552,126	31,908,470	22,678,818	42,110,430
(31,683,342)	(23,330,865)	(26,942,126)	(28,415,599)	(25,640,589)	(38,412,093)
<u>74,579,788</u>	<u>34,568,029</u>	<u>6,094,795</u>	<u>44,870,402</u>	<u>3,019,273</u>	<u>79,167,460</u>
<u>\$ 57,286,409</u>	<u>\$ 22,381,595</u>	<u>\$ (36,047,986)</u>	<u>\$ (832,478)</u>	<u>\$ (18,558,638)</u>	<u>\$ 13,561,404</u>
<u>\$ 38,644,877</u>	<u>\$ 35,385,140</u>	<u>\$ 65,116,395</u>	<u>\$ 90,020,515</u>	<u>\$ 46,896,225</u>	<u>\$ 87,242,801</u>
19.0%	19.5%	19.3%	20.8%	16.1%	16.7%

**CITY OF ROUND ROCK, TEXAS
ACTUAL AND TAXABLE ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Actual Assessed Value			Less:	Total	Total Direct Tax Rate
	Real Property	Personal Property	Total	Tax Exempt Property	Taxable Assessed Valuation	
2010	\$ 7,843,041,122	\$ 880,412,269	\$ 8,723,453,391	\$ 401,156,676	\$ 8,322,296,715	\$ 0.3966
2011	7,581,182,068	831,489,169	8,412,671,237	395,522,799	8,017,148,438	0.4173
2012	7,654,036,144	850,976,608	8,505,012,752	408,354,355	8,096,658,397	0.4232
2013	7,837,387,397	947,316,007	8,784,703,404	493,653,067	8,291,050,337	0.4204
2014	8,195,046,631	1,062,520,327	9,257,566,958	567,914,523	8,689,652,435	0.4195
2015	9,193,035,124	1,030,331,518	10,223,366,642	589,210,216	9,634,156,426	0.4146
2016	10,040,964,402	1,018,628,138	11,059,592,540	567,506,618	10,492,085,922	0.4147
2017	10,935,482,664	1,031,249,775	11,966,732,439	639,556,585	11,327,175,854	0.4250
2018	12,013,959,238	1,124,094,154	13,138,053,392	686,899,632	12,451,153,760	0.4300
2019	13,176,805,756	1,160,970,549	14,337,776,305	738,356,451	13,599,419,854	0.4200

Source: Williamson Central Appraisal District/Travis Central Appraisal District

Note - Property in the City is assessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

**CITY OF ROUND ROCK, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUE
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Direct	Round Rock Independent School District	Williamson County	Special Districts	
2010	\$ 0.2491	\$ 0.1475	\$ 0.3966	\$ 1.3800	\$ 0.4900	\$ 0.1146	\$ 2.3812
2011	0.2665	0.1508	0.4173	1.3800	0.4900	0.1151	2.4024
2012	0.2751	0.1481	0.4232	1.3350	0.4877	0.1148	2.3607
2013	0.2830	0.1373	0.4203	1.3800	0.4890	0.1151	2.4044
2014	0.2800	0.1395	0.4195	1.3674	0.4890	0.1149	2.3908
2015	0.2628	0.1518	0.4146	1.3375	0.4865	0.1142	2.3528
2016	0.2545	0.1602	0.4147	1.3325	0.4815	0.1205	2.3492
2017	0.2719	0.1531	0.4250	1.3325	0.4765	0.1220	2.3560
2018	0.2879	0.1421	0.4300	1.3048	0.4665	0.1208	2.3221
2019	0.2981	0.1219	0.4200	1.3048	0.4590	0.1248	2.3086

Source: Williamson County Tax Office

**CITY OF ROUND ROCK, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Name of Taxpayer	2019			2010		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 401,361,317	1	2.951 %	\$ 155,998,254	1	1.874 %
CPG Round Rock, LP/ Round Rock Premium Outlets	150,947,112	2	1.110	135,844,917	2	1.632
CMF 15 Portfolio, LLC/ Colonial Grand Apartments	83,610,464	3	0.615	45,887,000	6	0.551
Baltgem Development Corp./ La Frontera Village	77,421,702	4	0.569	91,678,192	3	1.102
Fisher-Rosemount Systems Inc.	76,228,219	5	0.561	-	-	-
Columbia/St. David Healthcare	75,388,833	6	0.554	62,054,352	4	0.746
2811 La Frontera LP/ Griffis Apartments	74,597,131	7	0.549	-	-	-
Dell Computer Corp.	58,230,331	8	0.428	49,053,810	5	0.589
FST La Frontera LLC	55,302,820	9	0.407	-	-	-
Baev-Lasalle Round Rock University Blvd LLC	53,425,600	10	0.393	-	-	-
Oncor Electric Delivery Co.	-	-	-	40,624,651	7	0.488
Inland American Round Rock/ Round Rock Luxury Apartments	-	-	-	40,000,000	8	0.481
Chandler Creek, LP	-	-	-	37,846,981	9	0.455
SV-ONA La Frontera Office, LP/ La Frontera Lodging Partners	-	-	-	33,000,000	10	0.397
	<u>\$ 1,106,513,529</u>		<u>8.137 %</u>	<u>\$ 691,988,157</u>		<u>8.315 %</u>

Source: Williamson Central Appraisal District & Travis Central Appraisal District

**CITY OF ROUND ROCK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$	33,001,196	\$ 32,822,350	99.46 %	\$ 1,811	\$ 32,824,161	99.46 %
2011		33,469,184	33,330,239	99.58	2,290	33,332,529	99.59
2012		34,255,559	34,161,567	99.73	1,834	34,163,401	99.73
2013		34,865,783	34,717,536	99.57	2,391	34,719,927	99.58
2014		36,452,223	36,281,479	99.53	3,247	36,284,726	99.54
2015		39,792,302	39,697,745	99.76	3,576	39,701,321	99.77
2016		44,063,923	43,894,949	99.62	(4,328)	43,890,621	99.61
2017		49,113,540	48,988,540	99.75	(30,578)	48,957,962	99.68
2018		53,890,399	53,775,618	99.79	20,301	53,795,919	99.82
2019		57,296,592	57,106,114	99.67	-	57,106,114	99.67

**CITY OF ROUND ROCK, TEXAS
SALES TAX AND AD VALOREM TAX
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Total 1% Sales Tax Collected</u>	<u>Ad Valorem Tax Levy</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Population</u>	<u>1% Sales Tax Per Capita</u>
2010	\$ 30,758,801	\$ 33,001,196	93.21 %	\$ 0.3696	99,887	\$ 308
2011	31,306,675	33,469,184	93.54	0.3905	100,659	311
2012	31,652,958	34,255,559	92.40	0.3909	101,702	311
2013	33,108,223	34,865,783	94.96	0.3993	102,349	323
2014	34,231,146	36,452,223	93.91	0.3939	103,107	332
2015	33,810,424	39,792,302	84.97	0.3509	105,405	321
2016	33,670,060	44,063,923	76.41	0.3209	106,591	316
2017	34,970,879	49,113,540	71.20	0.3087	108,353	323
2018	40,929,405	53,890,399	75.95	0.3287	112,201	365
2019	41,348,047	57,296,592	72.16	0.3040	116,120	356

Note: The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the bonds. Collections and enforcements are effected through the office of the Texas Comptroller of Public Accounts who remits the proceeds of the tax, after deduction of a 2% service fees, to the City monthly.

The calculations above are only based on the 1% sales and use tax, not the 1/2% sales and use tax collected for reduction of ad valorem taxes and 1/2% sales and use tax collected for transportation improvements.



**CITY OF ROUND ROCK, TEXAS
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Retail Trade</u>	<u>Manufacturing</u>	<u>Services</u>	<u>Wholesale Trade</u>	<u>Utilities</u>
2009	\$ 1,101,311,223	\$ 990,398,877	\$ 324,328,200	\$ 145,345,099	\$ 16,322,477
2010	1,070,089,059	1,111,487,638	331,304,579	117,424,010	17,788,882
2011	1,107,689,836	1,095,938,383	346,422,899	85,234,726	22,224,004
2012	1,228,352,605	985,127,289	381,294,220	99,025,592	26,448,906
2013	1,399,874,606	1,103,790,424	402,483,896	131,162,463	29,351,784
2014	1,529,469,558	1,061,444,585	432,758,149	128,755,561	34,412,553
2015	1,556,013,209	951,496,554	476,798,645	123,940,513	41,822,044
2016	1,592,542,371	905,719,610	505,372,604	141,775,154	41,190,339
2017	1,582,407,350	925,729,209	521,326,342	132,124,078	38,444,682
2018	<u>1,766,233,513</u>	<u>1,022,456,613</u>	<u>544,823,077</u>	<u>144,551,512</u>	<u>44,328,814</u>
	<u>\$ 13,933,983,330</u>	<u>\$ 10,153,589,182</u>	<u>\$ 4,266,912,611</u>	<u>\$ 1,249,338,708</u>	<u>\$ 312,334,485</u>

Source: Texas Comptroller of Public Accounts

Note: Sales information is not available on a fiscal year basis. Also, due to State of Texas confidentiality rules, names of sales tax payers are not available. The categories presented provide alternative information indicative of sales tax revenue sources.

<u>Construction</u>	<u>Finance, Insurance</u>	<u>Total</u>	<u>City Direct Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Over- lapping</u>
\$ 30,440,097	\$ 2,160,587	\$ 2,610,306,560	2.00%	6.25%	8.25%
46,023,961	2,114,837	2,696,232,966	2.00	6.25	8.25
61,286,941	3,006,901	2,721,803,690	2.00	6.25	8.25
70,736,973	2,846,478	2,793,832,063	2.00	6.25	8.25
90,125,307	2,368,176	3,159,156,656	2.00	6.25	8.25
95,799,482	2,497,918	3,285,137,806	2.00	6.25	8.25
110,293,477	2,600,258	3,262,964,700	2.00	6.25	8.25
135,370,923	2,951,985	3,324,922,986	2.00	6.25	8.25
144,818,546	2,773,206	3,347,623,413	2.00	6.25	8.25
<u>162,271,653</u>	<u>2,449,613</u>	<u>3,687,114,795</u>	2.00	6.25	8.25
<u>\$ 947,167,360</u>	<u>\$ 25,769,959</u>	<u>\$ 30,889,095,635</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2019**

Taxpayer	Hotel Motel Occupancy Tax	Hotel Motel Occupancy Venue Tax	Total Collections Year Ended September 30, 2019	Number of Rooms	% of Total Collections
Austin Marriott North	\$ 673,237	\$ 192,354	\$ 865,591	295	14.4 %
Homewood Suites	301,056	86,016	387,072	115	6.4
Hyatt Place	282,528	80,722	363,250	138	6.1
Hilton Garden Inn	270,897	77,399	348,296	122	5.8
Home 2 Suites	215,395	61,541	276,936	91	4.6
Courtyard Marriot	209,064	59,733	268,797	113	4.5
Holiday Inn Express N.	206,837	59,096	265,933	109	4.4
Residence Inn	192,673	55,050	247,723	96	4.1
Springhill Suites	190,370	54,391	244,761	104	4.1
Holiday Inn	182,397	52,114	234,511	116	3.9
Hampton Inn	177,139	50,611	227,750	93	3.8
Towneplace Suites	167,425	47,836	215,261	102	3.6
La Quinta S.	133,511	38,146	171,657	96	2.9
Staybridge Suites	126,660	32,647	159,307	81	2.7
Wingate Inn	120,993	34,568	155,561	100	2.6
Red Roof Inn	115,166	32,905	148,071	107	2.5
La Quinta N.	111,795	31,942	143,737	116	2.4
Tru by Hilton	97,211	27,774	124,985	98	2.1
Best Western	94,319	26,945	121,264	64	2.0
Sleep Inn	92,174	26,336	118,510	74	2.0
Microtel	88,420	25,245	113,665	82	1.9
Comfort Suites	80,303	22,944	103,247	63	1.7
Candlewood Suites	77,671	22,192	99,863	98	1.7
Motel 6	71,073	20,307	91,380	59	1.5
Country Inn	62,450	17,843	80,293	63	1.3
Extended Stay America	61,920	17,691	79,611	138	1.3
Quality Inn	57,130	16,321	73,451	48	1.2
Value Place	51,427	14,693	66,120	121	1.1
Extended Stay America	50,814	14,518	65,332	104	1.1
Aloft	37,708	10,774	48,482	120	0.8
Ruby Hotel	30,344	8,670	39,014	39	0.7
Holiday Inn Express S.	20,580	5,872	26,452	91	0.4
Element	10,309	2,945	13,254	123	0.2
Short Term Rentals	8,367	2,386	10,753	4	0.2
Provident Crossings	434	123	557	2	0.0
	<u>\$ 4,669,797</u>	<u>\$ 1,330,650</u>	<u>\$ 6,000,447</u>	<u>3,385</u>	<u>100.0 %</u>

CITY OF ROUND ROCK, TEXAS
HOTEL OCCUPANCY TAX COLLECTION HISTORY BY QUARTER
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>1st Quarter Oct. – Dec.</u>	<u>2nd Quarter Jan. – Mar.</u>	<u>3rd Quarter Apr. – June</u>	<u>4th Quarter July – Sept.</u>	<u>Total</u>
2010	\$ 504,062	\$ 582,719	\$ 661,356	\$ 543,189	\$ 2,291,326
2011	684,430	678,090	716,629	604,897	2,684,046
2012	610,280	835,331	1,004,705	802,227	3,252,543
2013	964,181	1,091,350	1,152,982	932,407	4,140,920
2014	1,071,926	1,217,483	1,271,649	1,085,150	4,646,208
2015	1,114,213	1,274,209	1,437,121	1,258,012	5,083,555
2016	1,214,093	1,354,383	1,570,064	1,269,127	5,407,667
2017	1,249,406	1,411,265	1,509,276	1,345,218	5,515,165
2018	1,365,737	1,429,006	1,637,645	1,281,847	5,714,235
2019	1,365,684	1,546,937	1,661,651	1,426,175	6,000,447

**CITY OF ROUND ROCK, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business- Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Other Debt Obligations	Revenue Bonds			
2010	\$ 110,470,000	\$ 13,530,000	\$ 65,830,308	\$ 91,166,635	\$ 280,996,943	9.16%	\$ 2,813
2011	105,980,000	12,965,000	60,691,660	89,888,648	269,525,308	8.63	2,678
2012	101,185,000	12,380,000	62,571,173	87,765,660	263,901,833	8.27	2,595
2013	96,340,000	11,770,000	56,131,110	85,392,673	249,633,783	7.56	2,439
2014	155,780,000	11,135,000	55,963,734	90,799,894	313,678,628	9.12	3,042
2015	154,925,000	29,675,000	56,701,818	87,827,948	329,129,766	10.00	3,123
2016	149,540,000	27,095,000	52,746,502	89,364,624	318,746,126	6.43	2,990
2017	170,615,000	26,315,000	49,477,613	86,027,443	332,435,056	6.87	3,068
2018	162,820,000	25,520,000	48,520,464	82,997,070	319,857,534	5.93	2,851
2019	151,405,000	58,870,000	68,930,433	79,510,797	358,716,230	6.08	3,089

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF ROUND ROCK, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Net Assessed Value (in thousands)	Gross Bonded Debt	Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2010	99,887	\$ 8,322,297	\$ 123,017,131	\$ 1,944,761	\$ 121,072,370	1.45 %	\$ 1,212
2011	100,659	8,017,148	118,122,822	2,238,270	115,884,552	1.45	1,151
2012	101,702	8,096,658	114,268,570	2,301,340	111,967,230	1.38	1,101
2013	102,349	8,291,050	108,241,436	2,415,427	105,826,009	1.28	1,034
2014	103,107	8,689,652	172,890,871	2,278,062	170,612,809	1.96	1,655
2015	105,405	9,634,156	181,245,000	2,351,780	178,893,220	1.86	1,697
2016	106,591	10,492,086	173,280,000	2,749,645	170,530,355	1.63	1,600
2017	108,353	11,327,176	196,930,000	3,880,982	193,049,018	1.70	1,782
2018	112,201	12,451,154	188,340,000	4,853,517	183,486,483	1.47	1,635
2019	116,120	13,599,420	210,275,000	5,019,375	205,255,625	1.51	1,768

Note: Includes Certificates of Obligation and General Obligation Bonds.

(1) Source: Planning Department, City of Round Rock

CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2019

<u>Name of Governmental Unit</u>	<u>Total General Debt Outstanding</u>	<u>** Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes-			
Williamson County	\$ 801,709,942 *	20.24%	\$ 162,266,092
Round Rock Independent School District	738,210,000 *	36.52	269,594,292
Travis County	1,066,091,179 *	0.24	2,558,619
Austin Community College	404,420,000 *	5.86	23,699,012
Georgetown ISD	416,475,000 *	0.19	791,303
Travis County Healthcare District	8,350,000 *	0.24	<u>20,040</u>
Subtotal, overlapping debt			458,929,358
City direct debt			<u>279,205,433</u>
Total direct and overlapping debt			<u><u>\$ 738,134,791</u></u>

* Gross Debt as of September 30, 2019

** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

Source: City of Round Rock Finance Department and Texas Municipal Reports

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Round Rock, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.



**CITY OF ROUND ROCK, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 1,491,819,433	\$ 1,437,119,854	\$ 1,451,372,470	\$ 1,486,218,341
Total net debt applicable to limit	<u>117,540,239</u>	<u>112,406,730</u>	<u>107,568,660</u>	<u>101,824,573</u>
Legal debt margin	<u><u>\$ 1,374,279,194</u></u>	<u><u>\$ 1,324,713,124</u></u>	<u><u>\$ 1,343,803,810</u></u>	<u><u>\$ 1,384,393,768</u></u>
Total net debt applicable to the limit as a percentage of debt limit	7.88%	7.82%	7.41%	6.85%

Legal Debt Margin Calculation for Fiscal Year 2019

Total assessed value	<u>\$ 13,599,419,854</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 2,315,885,331
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 210,275,000
Less:	
Amount available in Debt Service Fund	<u>(5,019,375)</u>
Total net debt applicable to debt limit	<u>205,255,625</u>
Legal debt margin	<u><u>\$ 2,110,629,706</u></u>

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by voters in August 1977, that limits the maximum tax rate, for all City purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2018, assessed valuation of \$13,599,419,854 at 100% collection, tax revenue of \$203,991,298 would be produced. This revenue could service the debt on \$ 2,315,885,331 issued as 20-year serial bonds at 5.50% (with level debt service payment).

Interest and Sinking Fund Budget Projection

General Obligation Debt Service Requirements, Fiscal Year 2020	\$ 20,303,337
Tax Year 2019 Interest and Sinking Fund Tax Levy @ 99% Collection	\$ 19,197,893
Interest and Sinking Fund Balance as of 9-30-19	5,019,375
	<u>24,217,268</u>
Estimated Balance, 9-30-20	<u><u>\$ 3,913,931</u></u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,557,670,054	\$ 1,640,628,922	\$ 1,786,728,268	\$ 1,928,938,196	\$ 2,120,343,710	\$ 2,315,885,331
<u>161,006,938</u>	<u>178,893,220</u>	<u>170,530,355</u>	<u>193,049,018</u>	<u>183,486,483</u>	<u>205,255,625</u>
<u>\$ 1,396,663,116</u>	<u>\$ 1,461,735,702</u>	<u>\$ 1,616,197,913</u>	<u>\$ 1,735,889,178</u>	<u>\$ 1,936,857,227</u>	<u>\$ 2,110,629,706</u>
10.34%	10.90%	9.54%	10.01%	8.65%	8.86%

CITY OF ROUND ROCK, TEXAS
CONDENSED UTILITY STATEMENT OF OPERATIONS
LAST TEN FISCAL YEARS

	2010	2011	2012	2013
Gross Revenue (1)				
Charges for services	\$ 37,512,213	\$ 44,922,715	\$ 43,327,656	\$ 43,094,185
Licenses, permits and fees	-	1,114,142	1,921,789	1,941,121
Interest income and other	1,728,177	1,292,672	770,977	1,385,965
Total	39,240,390	47,329,529	46,020,422	46,421,271
Direct Operating Expense (2)				
Personnel services	7,479,392	8,576,547	8,599,771	8,634,094
Contracted services	11,305,080	9,839,091	9,913,713	14,335,824
Materials and supplies	1,652,634	2,055,399	2,106,220	1,890,480
Heat, light and power	1,806,175	2,474,391	1,966,864	1,951,428
Total	22,243,281	22,945,428	22,586,568	26,811,826
Net available for Debt Service	<u>\$ 16,997,109</u>	<u>\$ 24,384,101</u>	<u>\$ 23,433,854</u>	<u>\$ 19,609,445</u>
Debt Service Requirements (P&I)	\$ 4,007,882	\$ 5,081,298	\$ 5,893,953	\$ 6,101,113
Revenue Bond Coverage	4.24	4.79	3.87	3.13
Metered Water Customers	30,362	30,676	30,989	31,431
Metered Sewer Customers	29,759	30,061	30,359	30,766
Average Annual Principal and Interest Requirements, 2020-2040				\$ 5,191,568
Coverage of Average Requirements by fiscal 2019 Net Revenue				6.05 times
Estimated Maximum Principal and Interest Requirements, 2020				\$ 6,082,481
Estimated Coverage of Maximum Requirements by 2019 Net Revenue				5.16 times
Parity Debt Outstanding at FY2019				\$ 73,370,000

(1) Water and Sewer Fund operating and non-operating revenues

(2) Water and Sewer Fund operating expenses, excluding depreciation

2014	2015	2016	2017	2018	2019
\$ 40,762,523	\$ 41,880,906	\$ 44,406,721	\$ 47,769,478	\$ 50,715,034	\$ 51,973,150
2,943,355	4,017,184	4,247,067	4,211,137	4,226,721	4,828,792
1,397,259	863,900	1,211,532	2,284,171	3,122,041	4,772,982
45,103,137	46,761,990	49,865,320	54,264,786	58,063,796	61,574,924
8,939,263	9,228,272	9,742,128	11,871,681	10,940,702	12,809,236
14,200,624	14,500,269	15,222,355	14,854,212	16,695,290	14,844,774
2,163,731	1,837,026	2,091,331	2,504,640	2,392,415	3,385,739
1,829,036	1,783,408	1,662,779	1,618,297	1,578,540	2,188,155
27,132,654	27,348,975	28,718,593	30,848,830	31,606,947	33,227,904
<u>\$ 17,970,483</u>	<u>\$ 19,413,015</u>	<u>\$ 21,146,727</u>	<u>\$ 23,415,956</u>	<u>\$ 26,456,849</u>	<u>\$ 28,347,020</u>
\$ 6,347,632	\$ 6,894,788	\$ 5,994,842	\$ 6,352,459	\$ 5,444,927	\$ 6,102,631
2.83	2.82	3.53	3.88	4.86	5.15
32,012	32,447	32,930	33,602	34,581	35,397
31,133	31,531	31,984	32,614	33,277	34,085



CITY OF ROUND ROCK, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Personal Income</u>	<u>(4) Per Capita Income</u>	<u>(2) Median Age</u>	<u>(3) School Enrollment</u>	<u>(2) Unemployment Rate</u>
2010	99,887	\$ 3,038,262,879	\$ 30,417	31.4	42,683	6.2%
2011	100,659	3,096,874,794	30,766	31.6	44,331	6.1
2012	101,702	3,164,864,538	31,119	32.0	45,000	5.9
2013	102,349	3,221,434,775	31,475	32.0	45,361	5.0
2014	103,107	3,282,514,452	31,836	31.7	45,924	4.2
2015	105,405	4,104,259,890	38,938	33.5	47,093	3.2
2016	106,591	4,636,495,318	43,498	33.9	47,580	3.3
2017	108,353	4,841,103,687	44,679	34.4	48,121	3.0
2018	112,201	5,395,858,291	48,091	34.2	48,888	2.9
2019	116,120	5,896,109,120	50,776	33.7	50,345	2.6

Sources: (1) Planning Department, City of Round Rock
(2) Round Rock Chamber of Commerce
(3) Round Rock Independent School District
(4) U.S. Dept. of Commerce / Bureau of Economic Development; data is for Williamson County, which is representative of the City; data for City not available.

**CITY OF ROUND ROCK, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Name of Employer	2019			2010		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Dell Technologies	13,000	1	19.09 %	8,500	1	15.86 %
Round Rock Independent School District	6,955	2	10.21	5,400	2	10.08
City of Round Rock, Texas	1,008	3	1.48	840	4	1.57
Emerson Process Management	875	4	1.28			
Round Rock Premium Outlets	800	5	1.17			
Seton Medical Center Williamson	750	6	1.10	500	8	0.93
Baylor Scott & White Healthcare	750	6	1.10	840	4	1.57
St David's Round Rock Medical Center	689	8	1.01	710	6	1.32
United Parcel Service	563	9	0.83			
Trellis Company	485	10	0.71	700	7	1.31
One Source at Sears (formerly Sears Teleserv)				1,300	3	2.43
Wayne Fueling Systems LLC				400	9	0.75
Michael Angelo's Gourmet Food				390	10	0.73
	<u>25,875</u>		<u>37.98 %</u>	<u>19,580</u>		<u>36.55 %</u>

Source: City of Round Rock Finance Department/Round Rock Chamber of Commerce

CITY OF ROUND ROCK, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	176	165	147	149	157	159	163	179	194	202
Public safety-										
Police-										
Officers	152	152	152	153	159	167	168	174	176	176
Civilians	61	67	67	68	64	67	72	74	75	78
Fire-										
Firefighters & officers	124	124	124	124	129	129	132	134	149	152
Civilians	5	5	5	6	8	8	8	8	9	10
Public works-										
Streets & Drainage	48	48	64	70	70	69	76	73	77	81
Shop	15	15	15	15	16	18	19	18	18	19
Culture & Recreation-										
Library	29	29	29	30	31	31	31	31	31	32
Parks & Recreation	98	94	94	91	91	91	106	102	105	107
Water & Sewer Utility	<u>132</u>	<u>125</u>	<u>127</u>	<u>126</u>	<u>128</u>	<u>129</u>	<u>128</u>	<u>128</u>	<u>131</u>	<u>151</u>
Total	<u>840</u>	<u>824</u>	<u>826</u>	<u>832</u>	<u>853</u>	<u>868</u>	<u>903</u>	<u>921</u>	<u>965</u>	<u>1,008</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police-				
Arrests	4,328	4,521	6,715	6,182
Accident reports	1,877	2,747	4,485	4,845
Index crimes reported	3,154	3,154	2,777	2,632
Crimes per thousand residents	31.30	31.30	27.10	25.10
Officers per thousand of population	1.48	1.48	1.49	1.46
Fire-				
Incident volume	8,500	8,141	8,350	8,749
Priority calls answered	6,000	5,916	3,475	3,728
Non-emergency calls answered	2,500	2,225	4,875	5,021
Priority calls-response less than 6 minutes	65%	65%	60%	60%
Public Works-				
Street-				
Street resurfacing (lane miles)	137	45	60	80
Potholes repaired annually	4,000	4,000	4,000	4,000
Signals maintained	59	68	76	79
Shop-				
Work orders	6,930	4,609	5,336	4,447
Number of departments served	12	12	12	12
Culture and Recreation-				
Library-				
Number of items circulated	810,000	854,000	903,219	940,135
Number of card holders	53,000	59,000	55,336	81,620
Number of library visits	320,000	292,000	294,768	323,384
Parks & Recreation-				
Total park acres maintained	1,780	1,935	2,035	2,035
Number of athletic fields maintained	45	46	49	49
Number of trees planted	350	345	558	163
*Number of recreation enrollees	401,000	420,000	420,000	487,455
Number of recreation participants	-	-	-	-
Water-				
New connections	356	335	313	442
Line maintenance work orders	4,044	3,185	3,279	5,500
Average monthly consumption	466,096,342	655,615,475	560,281,041	549,154,150
Sewer-				
Average monthly treatment	327,351,600	475,482,100	457,967,400	409,000,000
Line feet reviewed for infiltration & inflow	114,176	317,789	361,784	377,783

Source: City of Round Rock Finance Department

*Note: Parks and Recreation started recording all participants in all programs in Fiscal Year 2015

2014	2015	2016	2017	2018	2019
5,773	4,600	4,476	4,600	4,152	4,272
6,383	2,249	2,370	2,370	2,762	2,698
2,338	2,329	2,383	2,383	2,870	2,648
21.70	22.00	22.50	22.50	26.50	23.40
1.42	1.53	1.43	1.48	1.56	1.53
9,027	9,928	9,346	10,777	11,328	11,813
3,713	2,780	3,735	2,548	5,083	4,078
5,314	7,148	5,611	8,229	6,245	7,735
63%	56%	61%	58%	53%	79%
80	40	60	60	60	121
4,000	1,500	400	300	300	280
83	84	83	89	90	93
4,178	4,399	4,761	4,620	4,733	4,936
12	12	12	12	12	12
975,291	972,094	1,080,312	1,188,757	1,229,141	1,315,186
74,192	99,822	77,818	79,415	81,181	83,507
309,167	388,625	391,256	389,930	388,732	416,391
2,045	2,045	2,045	2,270	2,270	2,285
49	49	49	49	49	49
165	110	195	408	43	74
490,704	-	-	-	-	-
-	832,184	988,337	1,080,853	1,140,094	892,870
360	402	480	665	911	789
6,734	3,317	3,512	3,346	3,013	1,778
491,936,100	505,251,158	536,082,308	571,062,558	612,026,451	543,547,232
394,000,000	385,611,068	416,357,161	425,631,471	426,330,521	410,300,487
459,128	187,464	189,418	206,675	169,579	133,098

**CITY OF ROUND ROCK, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police-				
Number of stations	1	1	1	1
Number of units	199	199	199	201
Fire-				
Number of stations	7	7	7	7
Number of fire trucks	15	16	16	16
Public Works-				
Street-				
Lane miles	1,137	1,200	1,200	1,250
Drainage miles	100	100	100	150
Number of street lights	5,104	5,119	5,312	6,000
Number of traffic signals	59	68	76	79
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	185,000	183,000	195,000	150,211
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	2,119	2,274	2,035	2,035
Number of athletic fields	46	47	49	49
Number of parks	84	85	62	62
Number of tennis courts	23	23	23	23
Number of pools	5	4	4	4
Water-				
Number of miles of water lines	591	584	585	587
Pumping stations	10	10	10	10
Tanks	20	20	20	20
Treatment capacity (millions of gallons/day)	52	52	52	52
Sewer-				
Number of miles of sewer mains	417	422	422	424
Wastewater lift stations	12	12	12	12

Source: City of Round Rock Finance Department

2014	2015	2016	2017	2018	2019
1 229	1 240	1 259	1 256	1 261	1 241
7 14	7 16	7 15	9 16	9 16	9 17
1,250 150 6,800 83	1,250 150 5,400 84	1,200 150 5,433 83	1,200 151 5,604 89	1,300 200 5,674 90	1,350 200 5,733 93
1 19	1 19	1 13	1 18	1 18	1 18
154,278 1	156,277 1	257,667 1	213,381 1	225,903 1	230,094 1
2,035 49 62 25 4	2,035 49 62 25 4	2,035 49 62 25 4	2,270 59 61 22 4	2,270 59 61 21 4	2,285 61 61 21 4
601 10 19 52	608 10 19 52	615 10 19 52	614 10 19 52	651 10 19 52	636 11 19 52
432 12	424 12	427 12	428 12	461 12	445 11

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2019**

<u>Name of Customer</u>	<u>Type of Business</u>	<u>Water Consumption in Gallons</u>	<u>% of Total Water Consumption in Gallons</u>
Fern Bluff Municipal Utility District	Municipal Utility District	257,829,100	4.072 %
Paloma Lake Municipal Utility District #1 & #2	Municipal Utility District	203,035,300	3.207
Williamson County Municipal Utility District #11	Municipal Utility District	174,370,600	2.754
Williamson County Municipal Utility District #10	Municipal Utility District	158,331,700	2.501
Chandler Creek Municipal Utility District	Municipal Utility District	140,718,100	2.222
Vista Oaks Municipal Utility District	Municipal Utility District	121,533,700	1.919
Round Rock Independent School District	Public Schools	80,048,700	1.264
Mid America Apartments, LP	Property Management	68,769,500	1.086
Dell, Inc.	Electronic Equipment	63,036,900	0.996
Proportion Foods, LLC	Food Production	<u>52,128,300</u>	<u>0.823</u>
		<u><u>1,319,801,900</u></u>	<u><u>20.844 %</u></u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2019**

Water rates for retail customers inside the city limits are as follows:

Volume Rate	Monthly Service Charge	
<i>Billing periods for residential:</i>	Meter Size Base	Monthly Water
Four block structure for use in excess of predetermined amounts set by meter size -	Serving Customer	Service Charge
Block 1: \$2.56	5/8 inch	\$ 16.52
Block 2: \$3.20	3/4 inch	23.00
Block 3: \$3.85	1 inch	36.32
Block 4: \$5.77	1 1/2 inch	69.59
	2 inch	109.51
<i>Billing periods for commercial:</i>	3 inch	202.68
\$2.80 per 1,000 gallons of water used by all customers	4 inch	335.79
	6 inch	1,046.86
<i>Billing periods for irrigation:</i>	8 inch	1,829.77
Four block structure for use in excess of predetermined amounts set by meter size -	10 inch	2,873.67
Block 1: \$3.20	12 inch	3,526.11
Block 2: \$3.85		
Block 3: \$5.77		

Sewer rates for retail customers inside the city limits are as follows:

Volume Rate	Monthly Service Charge	
\$3.39 per 1,000 gallons of water used by all customers	* Meter Size Base	Monthly Sewer
	Serving Customer	Service Charge
	5/8 inch	\$ 13.27
	3/4 inch	17.31
	1 inch	24.82
	1 1/2 inch	45.26
	2 inch	69.79
	3 inch	127.01
	4 inch	208.75
	6 inch	615.27
	8 inch	1,073.67
	10 inch	1,684.85
	12 inch	2,066.84

* Sewer customers' volume is measured as the rate per 1,000 gallons of the lesser of a three-month winter average or actual water use.

Source: City of Round Rock Chapter 44, Section 44-32, Code of Ordinances. (2018 Edition) amended with ordinance No. O-2019-0379.



A nighttime photograph of a street scene. On the left, a cafe with a blue awning and a sign that says "Star Coffee" has outdoor seating with black metal tables and chairs. The sidewalk is paved with bricks and has a black metal post in the foreground. In the background, there are trees, a bench, and a street with cars and lights.

SINGLE AUDIT SECTION

A stylized, white, hand-drawn star logo with a rough, sketchy texture, positioned above the text "ROUND ROCK TEXAS".

ROUND ROCK TEXAS



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2019

Federal Grantor/Pass-Through Entity Program Name	CFDA Number	Grant or Identifying Number	Pass-Through to Non-State Entities	Expenditures Direct	Total
Institute of Museum and Library Services					
<i>Pass-Through from Texas State Library and Archives Commission</i>					
Grants to States	45.310	LS-00-18-0044-18	\$ -	\$ 21,384	\$ 21,384
Total Institute of Museum and Library Services			-	21,384	21,384
U.S. Department of Health & Human Services					
<i>Pass-Through from Texas Health and Human Services Commission</i>					
State Targeted Response to the Opioid Crisis Grants	93.788	HHS000122100001	165,321	49,945	215,266
State Targeted Response to the Opioid Crisis Grants	93.788	HHS000508300001	134,376	244,773	379,149
Total U.S. Department of Health & Human Services			299,697	294,718	594,415
U.S. Department of Homeland Security					
<i>Pass-Through from Texas A&M Engineering Extension Service</i>					
<i>National Urban Search & Rescue Response System</i>					
North Carolina Hurricane Florence	97.025	DR-4393	-	24,702	24,702
Florida Hurricane Michael	97.025	DR-4399	-	27,730	27,730
Louisiana Tropical Storm Barry	97.025	EM-3416	-	3,322	3,322
Total National Urban Search & Rescue Response System			-	55,754	55,754
<i>Pass-Through from Texas Department of Public Safety</i>					
<i>Disaster Grants-Public Assistance (Presidentially Declared Disasters)</i>					
Texas Hurricane Harvey	97.036	DR-4332	-	204,092	204,092
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			-	204,092	204,092
Total U.S. Department of Homeland Security			-	259,846	259,846
U.S. Department of Housing & Urban Development					
<i>Community Development Block Grants/Entitlement Grants Cluster</i>					
Community Development Block Grants/ Entitlement Grants	14.218	B13MC480514	18,648	-	18,648
Community Development Block Grants/ Entitlement Grants	14.218	B16MC480514	-	121,450	121,450
Community Development Block Grants/ Entitlement Grants	14.218	B17MC480514	-	152,719	152,719
Community Development Block Grants/ Entitlement Grants	14.218	B18MC480514	105,439	268,665	374,104
Total Community Development Block Grants/ Entitlement Grants Cluster			124,087	542,834	666,921
Total U.S. Department of Housing & Urban Development			124,087	542,834	666,921
U.S. Department of Justice					
Bulletproof Vest Partnership Program	16.607	BA-3A00S-XT03	-	17,772	17,772
Equitable Sharing Program	16.922	TX2460500	-	10,438	10,438
Total U.S. Department of Justice			-	28,210	28,210
U.S. Department of Transportation					
<i>Federal Transit Cluster</i>					
Federal Transit Formula Grants	20.507	TX-2017-035-00	-	310,145	310,145
Federal Transit Formula Grants	20.507	TX-2018-055-00	-	441,748	441,748
Federal Transit Formula Grants	20.507	TX-2019-053-00	-	133,759	133,759
Total Federal Transit Cluster			-	885,652	885,652
<i>Highway Planning and Construction Cluster</i>					
<i>Pass-Through from Texas Department of Transportation</i>					
Quiet Zone Project	20.205	CSJ 0914-05-164	-	165,077	165,077
RM 620 Right of Way Acquisitions Project	20.205	CSJ 0914-05-165	-		
		CSJ 0683-01-056	-	94,126	94,126
		RCSJ 0683-01-092	-		
Total Highway Planning and Construction Cluster			-	259,203	259,203
Total U.S. Department of Transportation			-	1,144,855	1,144,855
Total Expenditures of Federal Awards			\$ 423,784	\$ 2,291,847	\$ 2,715,631

CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2019

1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal awards of the City of Round Rock, Texas. The City's reporting entity is defined in the notes of the basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards. The information on this schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when the related fund liability is incurred. Federal grants are considered to be earned to the extent of expenditures made under the provision of the grant and are received on a reimbursement basis.

3. INDIRECT COST RATE

The City of Round Rock has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. EXPENDITURES INCURRED IN A PRIOR YEAR

Expenditures recorded in the SEFA associated with Hurricane Florence that were passed through the Texas A&M Engineering Extension Service to the City of Round Rock from the U.S. Department of Homeland Security were incurred in a prior year.

Similarly, expenditures recorded in the SEFA associated with Hurricane Harvey that were passed through the Texas Department of Public Safety to the City of Round Rock from the U.S. Department of Homeland Security were incurred in a prior year.

Even though the expenditures were incurred in a prior year, the final invoices were not approved for payment until FY2019. Accordingly, these expenditures are being reported on the City of Round Rock's SEFA in the year they were approved for payment, in compliance with the OMB Compliance Supplement.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and
Members of City Council
City of Round Rock, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and
Members of City Council
City of Round Rock, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

Austin, Texas
February 3, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and
Members of City Council
City of Round Rock, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Round Rock, Texas' (the "City") compliance with the types of requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

To the Honorable Mayor and
Members of City Council
City of Round Rock, Texas

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item #2019-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item #2019-001, which we consider to be a significant deficiency.

To the Honorable Mayor and
Members of City Council
City of Round Rock, Texas

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Austin, Texas
February 3, 2020

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	#2019-001
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	#2019-001

Identification of Major Programs:

Name of Federal Program or Cluster	CFDA Number
Federal Transit Cluster:	20.507
Federal Transit Formula Grants	
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

II. Financial Statement Findings

None Noted

III. Federal Award Findings and Questioned Costs

This section identifies material weaknesses, significant deficiencies, and instances of non-compliance, including questioned costs, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards, Section 200.516 *Audit Findings*.

Finding #2019-001

Compliance Requirement: Procurement

Federal Program: Federal Transit Formula Grant

Award Numbers: CFDA 20.507 TX-2017-035-00, TX-2018-055-00

Type of Finding: Significant Deficiency and Non-Compliance

Criteria: Per 2 CFR 200.303, *Internal Controls*, the City must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreement that could have a material effect on each of its Federal programs. Per 2 CFR 200.319, *Competition*, all procurement transactions must be conducted in a manner providing full and open competition. Per 2 CFR 200.320, *Methods of Procurement to be Followed*, the acquisition of supplies or services that exceed the Simplified Acquisition Threshold must be procured by sealed bids (formal advertising) or by competitive proposals. The City's *Grant Acquisition, Management and Compliance Policies and Procedures* adopted the Simplified Acquisition Threshold of \$250,000.

Condition: During our audit of the Federal Transit Formula Grant, we noted a vendor whose transportation services were last competitively procured in 2012. The City amended and extended the term of the agreement with the vendor in 2017 without utilizing a Federal competitive procurement method set forth in 2 CFR 200.

Cause: To meet state procurement requirements, the City utilized the public health or safety exemption pursuant to Texas Local Government Code 252.022(a)(2), but did not competitively procure the acquisition of services as set forth in 2 CFR 200.

Effect: The more restrictive Federal procurement requirements contained in 2 CFR 200 were not met.

Questioned Cost: \$391,441

Recommendation: The City should take appropriate steps to implement effective internal controls to ensure compliance with the Uniform Guidance.

CITY OF ROUND ROCK, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2019

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

The Corrective Action Plan for the year ended September 30, 2019 has been prepared to address these requirements.

I. Corrective Action Plan

Finding #2019-001 - Federal Transit Formula Grant CFDA 20.507 TX-2017-035-00, TX-2018-055-00

Response: A Request for Proposal (RFP) was issued for the City’s ADA Paratransit Service on January 13, 2020. The City will work with FTA’s procurement office to ensure all procurement requirements are met according to FTA guidelines. The City will also keep FTA apprised as to the status of the new contract.

Contact Person: Edna Johnson, Transit Coordinator

Estimated Completion Date: January 13, 2020 for RFP issuance